



KATHLEEN CONNELL  
Controller of the State of California

April 26, 2000

**To the Citizens, Governor, and Members  
of the Legislature of the State of California:**

**I** am pleased to submit the fifteenth edition of the *Community Redevelopment Agencies Annual Report*, for the fiscal year ended June 30, 1999.

Distribution of this information is vital to assuring that tax dollars are spent wisely and efficiently. The financing of community redevelopment should be constantly scrutinized for opportunities to achieve improvements and savings. This report facilitates that objective by informing state and local legislative bodies, persons responsible for community planning and management, and the many concerned citizens of varying interests.

The data presented in this publication were obtained from standardized reports submitted by community redevelopment agency officials to the Division of Accounting and Reporting in the California State Controller's Office.

I wish to thank the many local government representatives who helped to make this publication possible.

Sincerely,

A handwritten signature in cursive script, reading "Kathleen Connell".

KATHLEEN CONNELL  
California State Controller

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# Introduction

The Community Redevelopment Law, Chapter 710, Statutes of 1951, was enacted by the California State Legislature with the objective of redeveloping those areas found in many communities that, for a variety of reasons, have suffered from unsafe, unfit, deteriorated, and economically dislocated buildings and properties. The California Constitution Article XVI, Section 16, and the Health and Safety Code, beginning with Section 33000, provide funding from local property taxes to promote the redevelopment of blighted areas. Article XVI was approved by voters in 1952; therefore, the revenues it generates are not subject to the limitations imposed by Article XIII B, the Gann Limit.

Government Code Section 12463.3, as added by Senate Bill 1387, Chapter 1523, Statutes of 1984, requires the California State Controller to compile and publish a report of the financial transactions of community redevelopment agencies. All agencies created pursuant to Division 24 (commencing with Section 33000) of the Health and Safety Code must file a report. Senate Bill 1387 also requires the California Department of Housing and Community Development to publish housing data regarding the Low and Moderate Income Housing Fund. For information regarding these housing statistics, please contact the California Department of Housing and Community Development.

Tables 1, 2, and 3 contain general information regarding assessed values, tax increment revenues apportioned by each county, historical information regarding the formation of each agency and project area, and data relating to each agency's achievements in the current year. Tables 4 through 7 consist of detailed information on revenues, expenditures, long-term debt, and assessed valuations.

This report includes an analysis of the data, as well as other pertinent information specific to individual redevelopment agencies. A list of definitions and terminology is also provided.

## **Financial and Compliance Audit**

Each agency is required to annually submit a financial and compliance audit to its legislative body and to the California State Controller's Office. Pursuant to Health and Safety Code Section 33080.1(a), this audit is to be conducted "in accordance with generally accepted auditing standards and the rules governing audit reports promulgated by the California State Board of Accountancy. The audit report shall also include an opinion of the agency's compliance with laws, regulations, and administrative requirements governing activities of the agency."

To meet this requirement, the California State Controller's Office requires agencies to prepare their financial statements on a component unit basis, detailing all funds of each project area in combining statements. The

component unit statement presents the agency's activities without combining them with other unrelated city or county activities.

A total of 406 redevelopment agencies existed during the 1998-99 fiscal year. One agency was dissolved during the year, and four new agencies were formed. Thirty-three agencies reported having no financial transactions. Two of the 373 active agencies failed to file their financial reports for the 1998-99 fiscal year.<sup>1</sup>

For the 1997-98 fiscal year, three of the 367 active agencies failed to file their financial reports.<sup>2</sup>

Figures 18 through 22 include statistical information concerning redevelopment agencies formation, organization, and purposes.

Of the 371 agencies reporting financial transactions, 359 filed financial audits for the 1998-99 fiscal year. However, only 358 compliance reports were submitted with those audits.<sup>3</sup>

Figure 1 highlights the most frequently cited areas of non-compliance, the related Health and Safety Code Section, and the number of agencies that failed to meet that requirement. Senate Bill 497, Chapter 362, Statutes of 1999, requires the California State Controller's Office to identify seven major violations of the Community Redevelopment Law, as reported in the independent financial audit. Figure 1 includes all seven areas considered major violations, and the number of violations reported. Agencies that have not corrected their major violations on or before June 1 of each year are referred to the California Attorney General for further action.

Of the 358 compliance reports submitted to the California State Controller's Office, 64 reports indicated areas of non-compliance, noting a total of 121 specific items. The most frequently cited area dealt with the housing element of the city. Redevelopment agency project area plans are required to comply with the general plan of the city that formed the agency. Health and Safety Code Section 33302 requires each city to have a general plan that complies with Government Code Section 65300, and includes a housing element that substantially complies with state law. An approval letter from the California Department of Housing and Community Development stating that the general plan is in compliance must be issued to the city. Where non-compliance with these provisions is cited, the cities either did not have approval letters, the plans were out of date, or the plans had been submitted but not yet approved by the California Department of Housing and Community Development.

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<sup>1</sup> Redevelopment agencies for the cities of Isleton and Tiburon failed to file their 1998-99 fiscal year reports. Newly established redevelopment agencies in 1998-99 are Mendocino County and the cities of Del Rey Oaks, Irvine, and Tehachapi. Mariposa County dissolved its agency.

<sup>2</sup> Redevelopment agencies for the cities of Isleton, Mammoth Lakes, and Tiburon failed to file for the 1997-98 report year.

<sup>3</sup> The independent audit for the Santa Cruz County Redevelopment Agency did not include a compliance report.

**Figure 1**

**Frequency of Compliance Findings**

<b>Description</b>	<b>Code Section <sup>1</sup></b>	<b>Number</b>
<b>Senate Bill 497 Major Violations</b>		
Failed to file audit report.....	33080.1	11
Failed to file fiscal statement .....	33080.5	10
Failure to initiate development, or land not sold.....	33334.16	8
Implementation plan not adopted .....	33490	6
Time limits not established .....	33333.6	5
Interest not accrued to Low and Moderate Income Housing Fund .....	33334.3	1
Separate Low and Moderate Income Housing Fund not established.....	33334.3	0
<b>Sub-Total .....</b>		<b>41</b>
<b>All Other Compliance Findings</b>		
No approved housing element letter.....	33302	18
Inadequate accounting system .....	53891 <sup>2</sup>	17
Lack of findings for administrative expenditures from the Low and Moderate Income Housing Fund .....	33334.3(d)	8
No procedure to monitor status of housing .....	33418	7
Annual deferral finding not made.....	33334.6	6
Failed to file property report.....	33080.1(f)	4
Failed to file blight progress report .....	33080.1(d)	3
Failed to file loan report.....	33080.1(e)	2
Lack of established personnel rules .....	33126	2
Not otherwise classified.....	Various	13
<b>Sub-Total .....</b>		<b>80</b>
<b>Total .....</b>		<b>121</b>

<sup>1</sup> References are to the Health and Safety Code unless otherwise specified.

<sup>2</sup> Government Code.

## Financial Statements

Redevelopment accounting is based on the modified accrual basis, as opposed to the full accrual basis of accounting. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The debt service fund, for example, is used to account for the payment of principal and interest owed on long-term debt.

The financial information has been gathered from redevelopment agencies based on these accounting concepts. The statement of revenues and expenditures and the balance sheet are basic financial statements that, when considered together, reveal the economic events of a period of time and the end results.

The graphs and figures that follow are based on the “10000 Redevelopment Agencies” uniform accounting system, as prescribed for redevelopment agencies by the California State Controller. The accounting approach is

## Combined Balance Sheet

governmental fund accounting, and the accounting basis is consistent with the pronouncements of the Governmental Accounting Standards Board.

The combined balance sheet on page vii presents the totals of assets, liabilities, and equities of all community redevelopment agencies as of June 30, 1999, compared to June 30, 1998. In addition to the fund types, two account groups are shown as of June 30, 1999.

The General Fixed Assets Account Group is a self-balancing group of accounts set up to account for the general fixed assets of an agency. Assets accounted for in this group represent fixed assets of the agency, such as land, buildings, and equipment. This is in contrast to assets held for investment purposes.

The General Long-Term Debt Account Group is also a self-balancing group of accounts, used to account for the unmatured general long-term debt of an agency.

Many readers of financial statements are interested in the financial condition of a fund, or the relationship between assets, liabilities, and fund equity. Equity, or fund balance, represents the net of total assets minus total liabilities of a specific fund. Fund balances are further classified into three areas:

***Reserved*** — Equity that is reserved for specific purposes and is not available for financing the expenditure program of the current fiscal period.

***Unreserved Designated*** — Equity that is a segregation of a portion of fund balance to indicate tentative managerial plans or intent and is clearly distinguished from reserves.

***Unreserved Undesignated*** — Equity that is unencumbered and available to finance the program of expenditures of the fiscal period to which it applies.

Also significant is the asset account, Land Held for Resale. In order to accomplish the goal of eliminating blight, agencies may purchase parcels of land to attract development that will replace the blighted conditions that originally existed. This account represents the cost or investment in land currently held for eventual resale, net of Allowance for Decline in Value.

**Figure 2**

**Combined Balance Sheet <sup>3</sup>/<sub>4</sub> All Fund Types and Account Groups**

As of June 30, 1999

(Amounts in thousands)

	Capital Projects Fund	Debt Service Fund	Low/Moderate Income Housing Fund	All Other Funds	General Long-Term Debt Account Group	General Fixed Asset Account Group	Totals	
							1999	1998
<b>ASSETS/OTHER DEBITS</b>								
Cash .....	\$ 2,023,529	\$ 1,673,688	\$ 650,603	\$ 144,075	\$ —	\$ —	\$ 4,491,895	\$ 4,125,815
Accounts Receivable .....	492,528	145,941	534,303	45,076	—	—	1,217,848	1,087,179
Other Receivables .....	55,563	235,043	—	2	41,461	—	332,069	365,559
Due From Other Funds .....	285,880	106,572	83,255	38,729	—	—	514,436	524,750
Investments .....	458,917	116,842	77,474	63,462	—	—	716,695	811,578
Other Assets .....	177,134	78,008	89,607	32,705	—	—	377,454	378,317
Land Held for Resale .....	876,271	—	130,550	94,206	—	—	1,101,027	1,092,169
Allowance for Decline .....	(20,795)	—	(181)	—	—	—	(20,976)	(23,583)
Fixed Assets .....	—	—	—	25,452	—	2,758,273	2,783,725	2,735,484
Other Debits:							—	—
Amount Available in								
Debt Service Fund .....	—	—	—	—	1,805,074	—	1,805,074	1,713,521
Amounts to be Provided for								
Payment of Long-Term Debt .....	—	—	—	—	14,316,617	—	14,316,617	13,849,610
<b>Total Assets/Other Debits .....</b>	<b>\$ 4,349,027</b>	<b>\$ 2,356,094</b>	<b>\$ 1,565,611</b>	<b>\$ 443,707</b>	<b>\$ 16,163,152</b>	<b>\$ 2,758,273</b>	<b>\$ 27,635,864</b>	<b>\$ 26,660,399</b>
<b>LIABILITIES</b>								
Accounts Payable .....	\$ 778,617	\$ 441,478	\$ 262,242	\$ 71,460	\$ —	\$ —	\$ 1,553,797	\$ 1,420,922
Interest Payable .....	5,992	11,937	389	3,115	65,325	—	86,758	75,397
Due to Other Funds .....	207,560	95,513	50,883	160,480	—	—	514,436	524,750
Tax Allocation Bonds .....	—	—	—	15,540	9,680,002	—	9,695,542	9,026,616
Revenue Bonds .....	—	—	—	10,045	1,754,139	—	1,764,184	1,854,546
Other Debt .....	—	—	—	24,067	4,663,686	—	4,687,753	4,699,933
<b>Total Liabilities .....</b>	<b>992,169</b>	<b>548,928</b>	<b>313,514</b>	<b>284,707</b>	<b>16,163,152</b>	<b><sup>3</sup>/<sub>4</sub></b>	<b>18,302,470</b>	<b>17,602,164</b>
<b>EQUITY/OTHER CREDITS</b>								
Investments in Fixed Assets .....	—	—	—	—	—	2,758,273	2,758,273	2,710,933
Fund Balance:								
Reserved .....	1,806,198	1,598,462	849,705	149,641	—	—	4,404,006	4,125,847
Unreserved Designated .....	1,556,848	243,746	361,361	12,211	—	—	2,174,166	2,138,642
Unreserved Undesignated .....	(6,188)	(35,042)	41,031	(2,852)	—	—	(3,051)	82,813
<b>Total Equity/Other Credits .....</b>	<b>3,356,858</b>	<b>1,807,166</b>	<b>1,252,097</b>	<b>159,000</b>	<b><sup>3</sup>/<sub>4</sub></b>	<b>2,758,273</b>	<b>9,333,394</b>	<b>9,058,235</b>
<b>Total Liabilities/Equity .....</b>	<b>\$ 4,349,027</b>	<b>\$ 2,356,094</b>	<b>\$ 1,565,611</b>	<b>\$ 443,707</b>	<b>\$ 16,163,152</b>	<b>\$ 2,758,273</b>	<b>\$ 27,635,864</b>	<b>\$ 26,660,399</b>

## **Combined Statement of Revenues, Expenditures, and Changes in Fund Balance**

### **Revenues and Other Financing Sources**

The following figures represent the statewide totals of revenues, expenditures, and other financing sources and uses for community redevelopment agencies for the 1998-99 fiscal year. This summary of revenues and expenditures shows the results of operations during the fiscal year. The data are provided by fund type. This may be of particular interest to those concerned with specific kinds of financial information, such as the activity in the Low and Moderate Income Housing Fund.

Revenues and other financing sources from all local, state, and federal sources amounted to \$4.4 billion for the 1998-99 fiscal year (see Figures 3 and 4 for summary information, Figure 7 for trend information, and Figures 9 and 10 for detailed information).

Local tax revenues, the largest source of funds, amounted to \$1.8 billion, which was 41.2% of total revenues and other financing sources. This is an increase of 8.3% over the 1997-98 fiscal year. These funds are generated from tax increment revenues, sales tax, property assessments, and from the state-provided special supplemental subvention. Agencies that formerly received business inventory tax, and pledged that tax for the repayment of debt, are eligible to apply for a special supplemental subvention from the state. However, beginning with the 1992-93 fiscal year, the amount allocated by the state has averaged approximately one-tenth of previous allocations. For the 1998-99 fiscal year, only seven agencies reported receiving special supplemental subvention revenues. Tax increment revenues amounted to \$1.8 billion, an increase of 8.5% over the 1997-98 fiscal year (See Figure 10). In order to be eligible to obtain tax increment financing, an agency must develop a project area plan that includes provisions for such financing. The agency must also incur some type of debt. Property assessments and sales tax revenues amounted to \$2.0 million and \$29.4 million, respectively. There are nine redevelopment agencies now levying property assessments, compared to 11 in the 1997-98 fiscal year. Nineteen cities have diverted sales tax revenue to their project areas. Redevelopment agencies also may impose a transient occupancy tax. Five redevelopment agencies did so during the 1998-99 fiscal year, reporting a total of \$12.5 million in transient occupancy tax revenues.

The second largest single revenue source was interest on funds held by redevelopment agencies. This totaled \$286.9 million, a decrease of 0.8% from the 1997-98 fiscal year. Rental and lease income amounted to \$53.0 and \$64.8 million respectively, a combined increase of 1.0% over the 1997-98 fiscal year. Sale of real estate amounted to \$35.7 million, a decrease of 59.3% from the 1997-98 fiscal year.

Additional financing sources include proceeds from long-term debt issuances. During the 1998-99 fiscal year, a total of \$1.9 billion was received from issuances of long-term debt, comprised of \$231.2 million in advances, \$808.9 million in refunding issuances, and \$821.6 million from all other debt

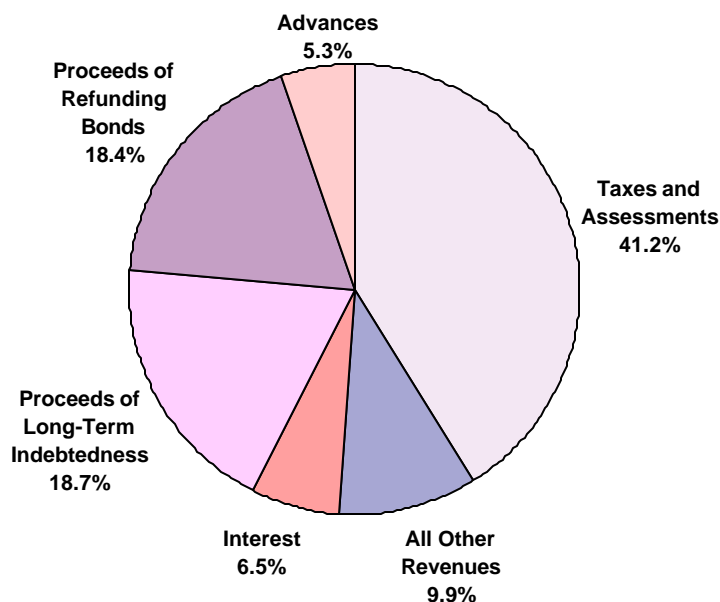


issuances. All other revenues and financing sources amounted to \$282.1 million, including \$73.2 million in grant revenues.

The financial data presented in Table 4 of this publication show the aggregate of all funds for each project area by redevelopment agency.

**Figure 3**

**Revenues and Other Financing Sources**



**Figure 4**

**Combined Summary of Revenues and Other Financing Sources**

(Amounts in thousands)

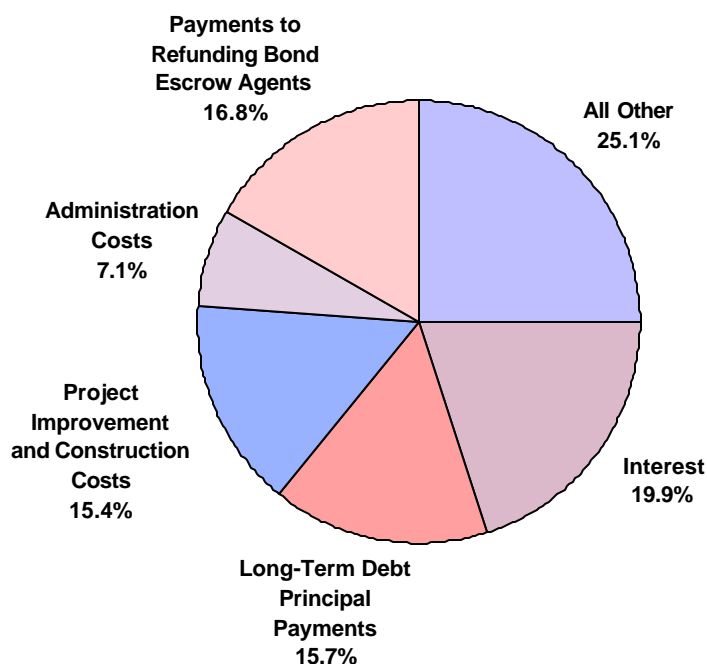
	1998-99	1997-98
Revenues:		
Taxes and Assessments.....	\$ 1,808,523	\$ 1,670,538
All Other Revenues .....	435,533	522,782
Interest.....	286,929	289,187
Other Financing Sources:		
Proceeds of Long-Term Indebtedness.....	821,589	761,147
Proceeds of Refunding Bonds .....	808,901	1,226,388
Advances .....	231,215	239,210
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$ 4,392,690</b>	<b>\$ 4,709,252</b>

## Expenditures and Other Financing Uses

Expenditures and other financing uses for all agencies for the 1998-99 fiscal year amounted to \$4.1 billion (see Figures 5 and 6 for summary information, Figure 7 for trend information, and Figures 9 and 10 for detailed information). Interest expense and payments to refunded bond escrow agents were the largest expenditures, amounting to \$822.1 million (19.9%) and \$695.2 million (16.8%), respectively. Project improvement and construction costs amounted to \$636.6 million (15.4%). All other expenditures and financing uses amounted to \$2.0 billion for the 1998-99 fiscal year.

**Figure 5**

### Expenditures and Other Financing Uses



**Figure 6**

### Combined Summary of Expenditures and Other Financing Uses

(Amounts in thousands)

	1998-99	1997-98
Expenditures:		
All Other.....	\$ 1,039,200	\$ 948,948
Interest Expense.....	822,058	830,874
Long-Term Debt Principal Payments .....	650,816	680,839
Project Improvement and Construction Costs .....	636,620	644,279
Administrative Costs .....	291,507	300,389
Other Financing Uses:		
Payments to Refunding Bond Escrow Agents .....	695,209	1,012,813
<b>Total Revenues and Other Financing Sources.....</b>	<b>\$ 4,135,410</b>	<b>\$ 4,418,142</b>

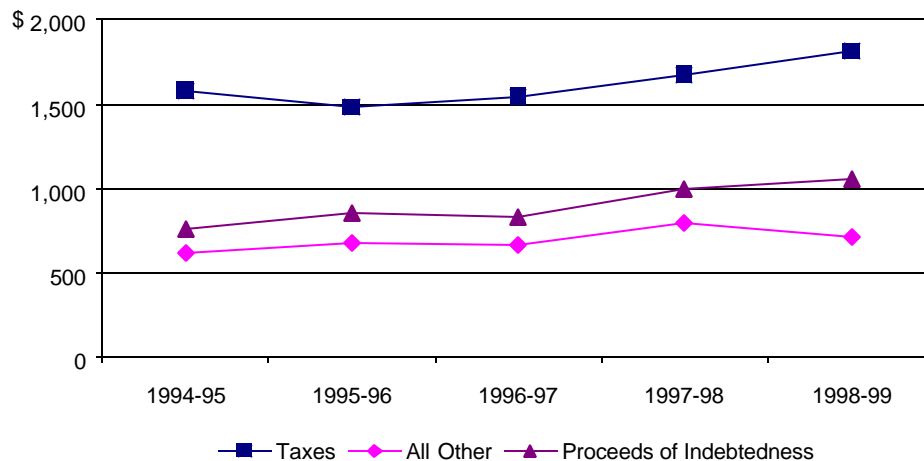
## Other Financing Sources and Uses

This section of the summary statement details the transactions that are not accounted for as revenues or expenditures. Proceeds of long-term debt, city/county advances, and operating transfers between funds and/or agencies are presented here. The excess of expenditures and other financing uses over revenues and other financing sources was \$257.3 million.

**Figure 7**

### Trends in Revenues and Other Financing Sources

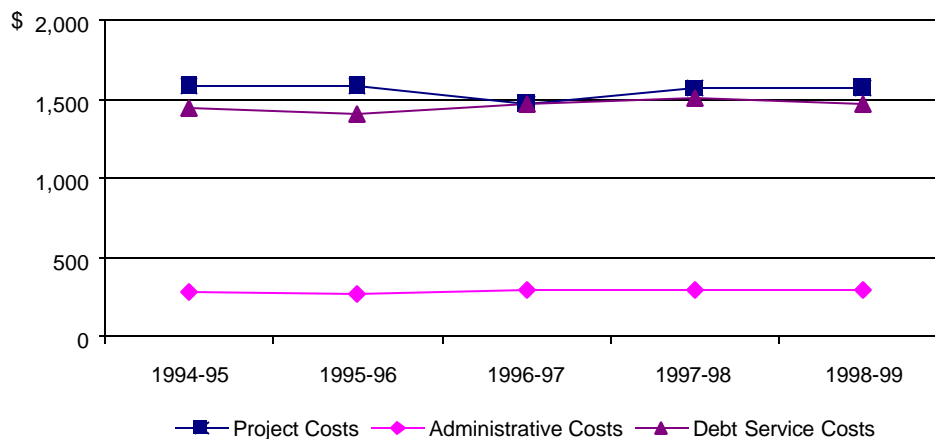
(Amounts in millions)



**Figure 8**

### Trends in Expenditures and Other Financing Uses

(Amounts in millions)



**Figure 9****Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balance by Fund Types**

For Fiscal Year Ended June 30, 1999

(Amounts in thousands)

	Capital Projects Fund	Debt Service Fund	Low/Moderate Income Housing Fund	All Other Funds	Total
<b>REVENUES</b>					
Tax Increment.....	\$ 515,880	\$ 1,071,325	\$ 173,098	\$ 1,688	\$ 1,761,991
Special Supplemental Subvention .....	1,094	1,508	—	—	2,602
Property Assessments .....	153	1,684	129	—	1,966
Sales and Use Tax .....	9,682	18,803	181	764	29,430
Transient Occupancy Tax .....	807	8,152	30	3,545	12,534
Interest Income .....	143,794	89,717	45,451	7,967	286,929
Rental Income.....	30,058	8,927	3,868	10,126	52,979
Lease Income .....	21,428	43,025	307	22	64,782
Sale of Real Estate.....	28,832	167	6,422	250	35,671
Gain on Land Held for Resale .....	4,365	4	(9)	6	4,366
Grant Revenues .....	14,924	8,541	14,297	35,465	73,227
Other Revenues .....	108,702	19,736	29,783	32,094	190,315
<b>Total Revenues .....</b>	<b>879,719</b>	<b>1,271,589</b>	<b>273,557</b>	<b>91,927</b>	<b>2,516,792</b>
<b>EXPENDITURES</b>					
Administrative Costs .....	201,336	17,189	55,641	17,341	291,507
Professional, Planning, Design.....	76,498	3,157	15,979	3,260	98,894
Real Estate Purchases.....	104,516	—	8,345	18,154	131,015
Relocation Costs and Payments.....	12,862	184	2,725	5,815	21,586
Project Improvement Costs .....	560,018	6,401	56,667	13,534	636,620
Rehabilitation Costs and Grants.....	7,952	357	27,968	6,516	42,793
Interest Expense .....	50,110	756,418	13,671	1,859	822,058
Long-Term Debt Principal Payments ..	61,936	579,477	9,007	396	650,816
All Other .....	261,919	258,850	91,405	33,313	645,487
<b>Total Expenditures .....</b>	<b>1,337,147</b>	<b>1,622,033</b>	<b>281,408</b>	<b>100,188</b>	<b>3,340,776</b>
<b>Deficiency of Revenues</b>					
<b>Under Expenditures .....</b>	<b>(457,428)</b>	<b>(350,444)</b>	<b>(7,851)</b>	<b>(8,261)</b>	<b>(823,984)</b>
<b>OTHER FINANCING SOURCES</b>					
<b>(USES)</b>					
Proceeds of Long-Term Debt.....	524,051	198,161	45,585	53,792	821,589
Proceeds of Refunding Bonds.....	119,983	673,543	15,375	—	808,901
Payments to Refunding Agent.....	(42,877)	(636,262)	(16,070)	—	(695,209)
Advances From City/County .....	173,726	55,439	2,050	—	231,215
Sale of Fixed Assets .....	14,157	—	36	—	14,193
Miscellaneous Sources and (Uses) ...	(43,988)	(24,586)	(29,769)	(1,082)	(99,425)
Operating Transfers In.....	391,321	584,057	37,603	12,704	1,025,685
"Set-Aside" Transfers In.....	—	—	152,666	—	152,666
Operating Transfers (Out) .....	(524,973)	(324,779)	(112,059)	(63,874)	(1,025,685)
"Set-Aside" Transfers (Out) .....	(61,599)	(91,067)	—	—	(152,666)
<b>Total Other Sources (Uses) .....</b>	<b>549,801</b>	<b>434,506</b>	<b>95,417</b>	<b>1,540</b>	<b>1,081,264</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>And Other Financing Sources</b>					
<b>Over Expenditures and Other</b>					
<b>Financing Uses .....</b>	<b>92,373</b>	<b>84,062</b>	<b>87,566</b>	<b>(6,721)</b>	<b>257,280</b>
Equity, Beginning of Period.....	3,266,111	1,740,698	1,170,052	170,441	6,347,302
Adjustments.....	(1,626)	(17,594)	(5,521)	(4,720)	(29,461)
<b>Equity, End of Period .....</b>	<b>\$ 3,356,858</b>	<b>\$ 1,807,166</b>	<b>\$ 1,252,097</b>	<b>\$ 159,000</b>	<b>\$ 6,575,121</b>

**Figure 10****Comparative Statement of Revenues, Expenditures, and  
Changes in Fund Balance by Fiscal Year**

(Amounts in thousands)

<b>REVENUES</b>	<b>1998-99</b>	<b>1997-98</b>	<b>1996-97</b>	<b>1995-96</b>	<b>1994-95</b>
Tax Increment.....	\$ 1,761,991	\$ 1,623,635	\$ 1,500,548	\$ 1,449,813	\$ 1,543,524
Special Supplemental Subvention .....	2,602	4,399	5,279	1,775	3,041
Property Assessments .....	1,966	8,704	2,159	4,883	7,401
Sales and Use Tax .....	29,430	22,528	23,721	19,421	21,012
Transient Occupancy Tax .....	12,534	11,272	11,389	3,380	4,293
Interest Income .....	286,929	289,187	286,557	296,998	295,213
Rental Income .....	52,979	54,075	54,588	46,170	43,664
Lease Income .....	64,782	62,483	58,955	63,026	71,388
Sale of Real Estate .....	35,671	87,696	47,169	54,589	20,219
Gain on Land Held for Resale .....	4,366	14,918	5,569	4,028	4,579
Grant Revenues .....	73,227	77,202	79,689	81,095	67,133
Other Revenues .....	190,315	208,952	135,761	127,974	119,197
<b>Total Revenues .....</b>	<b>2,516,792</b>	<b>2,465,051</b>	<b>2,211,384</b>	<b>2,153,152</b>	<b>2,200,664</b>
<b>EXPENDITURES</b>					
Administrative Costs .....	291,507	300,389	291,686	266,820	278,965
Professional, Planning, Design .....	98,894	99,559	109,517	110,324	113,352
Real Estate Purchases .....	131,015	97,285	90,088	88,504	88,750
Relocation Costs and Payments .....	21,586	12,842	13,813	15,757	11,390
Project Improvement Costs .....	636,620	644,279	647,990	740,532	636,995
Rehabilitation Costs and Grants .....	42,793	53,382	55,103	38,919	50,189
Interest Expense .....	822,058	830,874	818,737	806,667	823,296
Long-Term Debt Principal Payments .....	650,816	680,839	646,673	592,412	621,639
All Other .....	645,487	658,456	552,782	590,728	681,434
<b>Total Expenditures .....</b>	<b>3,340,776</b>	<b>3,377,905</b>	<b>3,226,389</b>	<b>3,250,663</b>	<b>3,306,010</b>
<b>Deficiency of Revenues</b>					
<b>Under Expenditures .....</b>	<b>(823,984)</b>	<b>(912,854)</b>	<b>(1,015,005)</b>	<b>(1,097,511)</b>	<b>(1,105,346)</b>
<b>OTHER FINANCING SOURCES</b>					
<b>(USES)</b>					
Proceeds of Long-Term Debt .....	821,589	761,147	565,443	586,694	534,322
Proceeds of Refunding Bonds .....	808,901	1,226,388	431,564	593,846	229,041
Payments to Refunding Agent .....	(695,209)	(1,012,813)	(398,201)	(609,960)	(216,207)
Advances From City/County .....	231,215	239,210	261,436	265,822	224,518
Sale of Fixed Assets .....	14,193	17,456	20,752	14,492	14,979
Miscellaneous Sources and (Uses) ...	(99,425)	(27,424)	(57,093)	(34,730)	(64,431)
Operating Transfers In .....	1,025,685	1,069,822	940,811	1,097,191	1,019,927
"Set-Aside" Transfers In .....	152,666	131,252	126,129	117,306	139,575
Operating Transfers (Out) .....	(1,025,685)	(1,069,822)	(940,812)	(1,097,191)	(1,017,741)
"Set-Aside" Transfers (Out) .....	(152,666)	(131,252)	(126,129)	(117,306)	(141,760)
<b>Total Other Sources (Uses) .....</b>	<b>1,081,264</b>	<b>1,203,964</b>	<b>823,900</b>	<b>816,164</b>	<b>722,223</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>And Other Financing Sources</b>					
<b>Over Expenditures and Other</b>					
<b>Financing Uses .....</b>	<b>257,280</b>	<b>291,110</b>	<b>(191,105)</b>	<b>(281,347)</b>	<b>(383,123)</b>
Equity, Beginning of Period .....	6,347,302	6,039,661	6,191,472	6,623,853	7,068,714
Adjustments <sup>1</sup> .....	(29,461)	16,531	39,294	(151,034)	(61,738)
<b>Equity, End of Period<sup>1</sup> .....</b>	<b>\$ 6,575,121</b>	<b>\$ 6,347,302</b>	<b>\$ 6,039,661</b>	<b>\$ 6,191,472</b>	<b>\$ 6,623,853</b>

<sup>1</sup> The beginning equity for each year is adjusted for non-reporting agencies (see page iv). The ending balances shown are as reported each year and presented in Table 4.

## Long-Term Debt

Figure 11 presents the changes in long-term debt of community redevelopment agencies for the 1998-99 fiscal year. This figure summarizes the beginning unmatured debt, adjustments, debt issued, debt matured, and ending unmatured debt by the type of debt issued. One of the more significant kinds of adjustments is the addition of interest to long-term debt. Agencies frequently borrow funds from their respective city or county. The repayment of these loans may be subordinate to the repayment of bonds or other types of debt, and occasionally no monies will be available for repayment of interest or principal. Accrued interest that is due but not paid is added to long-term debt by adjusting the principal amount outstanding. A total of \$112.7 million in unpaid interest was added to long-term debt in the 1998-99 fiscal year. The detail of agency long-term debt is found in Table 5. Figure 13 presents a five-year comparison by type of debt issued.

**Figure 11**

### Agency Long-Term Debt

As of June 30, 1999

(Amounts in thousands)

	Tax Allocation Bonds	Revenue Bonds	City/ County Loans/ Advances	All Other Debt	Total
<b>Principal</b>					
<b>Unmatured, Beginning of Year</b> .....	\$ 8,857,019	\$ 1,563,575	\$ 2,413,681	\$ 2,804,127	\$ 15,638,402
Adjustments .....	92,666	(116,638)	95,167	40,313	111,508
Issued .....	1,198,096	42,735	199,143	283,816	1,723,790
Matured .....	(244,868)	(49,904)	(133,117)	(251,887)	(679,776)
Defeased .....	(496,886)	(44,265)	—	(25,380)	(566,531)
<b>Unmatured, End of Year</b> <sup>1</sup> .....	<u>\$ 9,406,027</u>	<u>\$ 1,395,503</u>	<u>\$ 2,574,874</u>	<u>\$ 2,850,989</u>	<u>\$ 16,227,393</u>

<sup>1</sup> Includes \$73 million in long-term debt reported in All Other Funds. See reconciliation below.

Figure 12 reconciles the long-term debt as reported on Figure 2, the combined balance sheet, to the amounts reported in Figure 11 above. A few agencies have established enterprise funds to account for specific programs or activities. The long-term debt of an enterprise fund is presented within that fund. These amounts are included in the All Other Funds column of the balance sheet, and need to be combined with the total amount of the Long-Term Debt Account Group to discern the true picture of redevelopment agency long-term debt.

**Figure 12**

### Reconciliation of Agency Long-Term Debt to Combined Balance Sheet

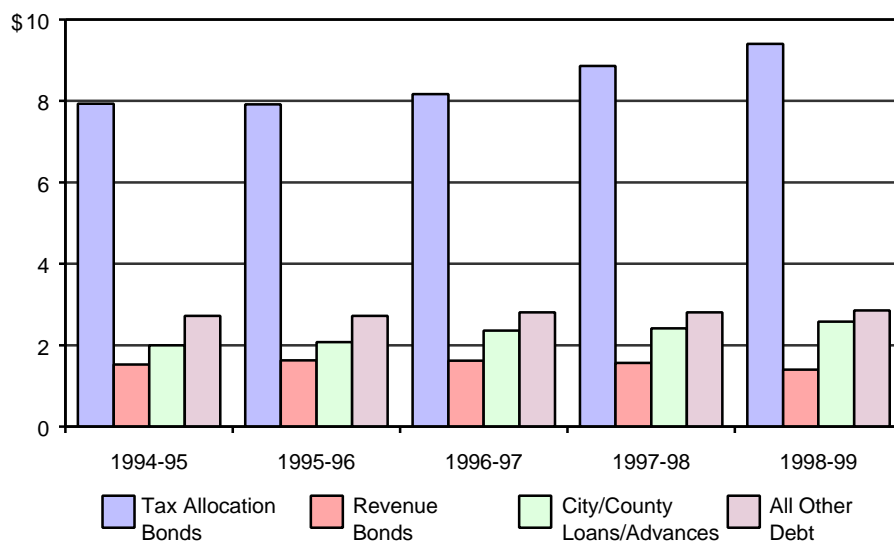
As of June 30, 1999

(Amounts in thousands)

Reconciling Items	Balance Sheet Data
Long-Term Debt Account Group, Total Debt .....	\$ 16,163,152
Long-Term Debt Listed in All Other Funds .....	72,544
Long-Term Debt included in Enterprise Fund, not debt schedules .....	(8,303)
<b>Totals</b> .....	<u>\$ 16,227,393</u>

**Figure 13****Outstanding Long-Term Debt Balances by Fiscal Year**

(Amounts in billions)



During the 1998-99 fiscal year, \$566.5 million of tax allocation bonds, revenue bonds, and other indebtedness were retired by issuing refunding bonds of \$808.9 million. The purpose of the early extinguishment of debt is generally to take advantage of lower interest rates, extend the number of years over which the debt matures, or to increase borrowing capacity.

## Non-Agency Long-Term Debt

Figure 14 presents the changes in long-term debt that was originally issued in the name of the agency but is generally not considered a debt of the agency. Examples of this type of debt are mortgage revenue bonds, industrial development bonds, and certain certificates of participation. Some agencies had difficulty providing this information, and a few were unable to provide the detail the California State Controller's Office requires as the obligations are usually administered by a trustee and are not generally accounted for by the agency itself. The detail of non-agency long-term debt is found in Table 6.

**Figure 14****Non-Agency Long-Term Debt**

As of June 30, 1999

(Amounts in thousands)

	Mortgage Revenue Bonds	Commercial Revenue Bonds	Industrial Development Bonds	Certificates Of Participation	Total
<b>Principal</b>					
Unmatured, Beginning of Year .....	\$ 1,299,275	\$ 362,010	\$ 54,861	\$ 319,502	\$ 2,035,648
Adjustments .....	76,870	(45,230)	2,800	(132,726)	(98,286)
Issued .....	60,597	—	—	1,850	62,447
Matured .....	(55,658)	(737)	(510)	(2,482)	(59,387)
Defeased .....	(55,695)	(2,767)	(2,517)	—	(60,979)
<b>Unmatured, End of Year .....</b>	<b>\$ 1,325,389</b>	<b>\$ 313,276</b>	<b>\$ 54,634</b>	<b>\$ 186,144</b>	<b>\$ 1,879,443</b>

## Assessed Valuation and Tax Increment Distribution

Section 33670 of the Health and Safety Code authorizes the allocation of property taxes between the various local agencies and community redevelopment agencies. The “frozen base assessed valuation” is the value of property at the time of the adoption of a redevelopment project plan. The “incremental assessed valuation” is the cumulative increase in the value of property within a project area above the base assessed valuation. Tax increment revenues are produced by applying general and debt service tax rates to the incremental assessed valuation. Figure 15 presents total assessed values for the 1997-98 and 1998-99 fiscal years.

**Figure 15**

### Assessed Valuation Totals

(Amounts in thousands)

	1998-99	1997-98
Frozen Base Assessed Valuation.....	\$ 112,127,724	\$ 103,336,981
Incremental Assessed Valuation .....	161,925,718	150,076,881
<b>Total Assessed Valuation .....</b>	<b>\$ 274,053,442</b>	<b>\$ 253,413,862</b>

Not all the tax increment is available to a redevelopment agency. Pursuant to Assembly Bill 1290, Chapter 942, Statutes of 1993, a project area formed or amended after January 1, 1994, is required to pay a portion of its tax increments, on a graduated basis, to the local taxing agencies within its area. All payments are calculated against the net tax increment after the agency has set-aside the 20% obligation to the Low and Moderate Income Housing Fund.

For the first ten years, this “pass-through” payment is based on 25% of the net tax increment. This payment continues for the life of the project area. Beginning in the 11th year, and continuing for the remaining life of the project area, an additional 21% of the net tax increment is passed-through, based on the incremental growth over the tenth fiscal year assessed value. Beginning in the 31st year, and continuing for the remaining life of the project area, an additional 14% of the net tax increment is passed-through, based on the incremental growth over the 30th fiscal year assessed value.

For project areas formed prior to January 1, 1994, certain Health and Safety Code provisions allowed cities, counties, and special districts — and required school districts and community college districts — to elect to receive that portion of the tax increment generated by the annual increase in assessed valuation due to inflation. In lieu of this provision, local taxing agencies could opt to receive tax increment pass-through payments based upon a negotiated agreement with the redevelopment agency. The local taxing agency was required to demonstrate to the redevelopment agency that these payments were necessary to alleviate a financial burden created by redevelopment activities. The pass-through payments in place pursuant to these agreements are grandfathered and remain in effect throughout the life of the project area.



Figure 16 summarizes the distribution of tax increment revenues between the redevelopment agencies and other taxing entities for the 1998-99 fiscal year and presents summary information for the 1997-98 fiscal year. Data are presented as reported by the redevelopment agencies. In some cases, redevelopment agencies had difficulty compiling this data because the county auditor administers the pass-through payments on behalf of the agency.

**Figure 16****Tax Increment Distribution**

(Amounts in thousands)

Pass-Through Payments Per Health and Safety Code Section	1998-99				1997-98
	33401	33676	33607	Totals	Totals
Counties .....	\$ 148,722	\$ 8,994	\$ 3,421	\$ 161,137	\$ 151,686
Cities .....	1,792	451	1,344	3,587	2,099
School Districts .....	31,817	4,264	1,387	37,468	33,115
Community College Districts .....	4,834	519	264	5,617	5,216
Special Districts .....	41,639	1,316	1,248	44,203	39,584
<b>Total Paid to Taxing Agencies .....</b>	<b>\$ 228,804</b>	<b>\$ 15,544</b>	<b>\$ 7,664</b>	<b>\$ 252,012</b>	<b>\$ 231,700</b>

Figure 17 reconciles the total tax increment generated for the 1997-98 and 1998-99 fiscal years and shows the amount available for redevelopment purposes after pass-throughs. This is the net amount with which redevelopment agencies accomplish all of their purposes, including payments to the Low and Moderate Income Housing Fund.

**Figure 17****Reconciliation of Total Tax Increment Generated**

(Amounts in thousands)

	1998-99	1997-98
Total Tax Increment Generated in Project Areas <sup>1</sup> .....	\$ 1,760,202	\$ 1,626,287
Less Amounts Paid to Taxing Agencies .....	252,012	231,700
<b>Net Tax Increment Available to Agencies .....</b>	<b>\$ 1,508,190</b>	<b>1,394,587</b>

<sup>1</sup> Some agencies do not include amounts passed through to other local taxing agencies, pursuant to Health and Safety Code Section 33676, as tax increment revenue on their Statement of Revenues and Expenditures. Therefore, the amount listed above will be greater than the amount accrued as tax increment revenue listed on Figures 9 and 10.

## Statement of Indebtedness

Tax increment revenues retained by redevelopment agencies, net of pass-through payments to other local taxing agencies and the required set-aside to the Low and Moderate Income Housing Fund, may only be expended for the purpose of repaying principal and interest on any type of loan, advance, or indebtedness listed on the Statement of Indebtedness. In order to receive revenues generated, an agency must file a Statement of Indebtedness with its county auditor. If the county auditor does not dispute the amount of indebtedness as filed, the agency must be paid the portion of taxes generated from the incremental assessed valuation in an amount not to exceed the total debt listed on the Statement of Indebtedness, less available revenues. The amounts shown include principal and interest remaining to be paid over the term of the indebtedness.

The meaning of “indebtedness”, for the purposes of the Statement of Indebtedness, is not limited to the formal accounting definition of indebtedness but is expanded to include all redevelopment obligations, whether pursuant to an executory contract, a performed contract, or to repay principal and interest on bonds or loans. Obligations to the Low and Moderate Income Housing Fund are defined in the Health and Safety Code to be “indebtedness” for the purpose of the Statement of Indebtedness.

The Statement of Indebtedness is perhaps the least understood aspect of the redevelopment process. It itemizes all future tax increment requirements for the purpose of repaying indebtedness. In preparing the Statement of Indebtedness, an agency must take into consideration any and all obligations, contracts to perform, and legal and binding agreements such as pass-through payments. The exact amounts of these payments are not always known until the year in which they must be paid, such as pass-throughs and set-asides to the Low and Moderate Income Housing Fund, both of which may or may not be directly tied to the amount of tax increment received. Estimates must be made for these amounts to indicate what the indebtedness is for the life of the project area.

To facilitate the accurate tracking of the Statement of Indebtedness, an agency must also prepare a reconciliation statement showing all changes from the prior year’s Statement of Indebtedness to the current one. All new indebtedness, payments, adjustments, and modified estimates are itemized and explained in this document.

In addition, an agency may have on hand revenues or resources that are committed to the repayment of indebtedness. This amount, called available revenues, is also calculated annually. This calculated amount is deducted from the total indebtedness to determine the net amount needed for an agency to meet all of its future indebtedness obligations.

In preparing the data for publication, it was noted that some Statements of Indebtedness are prepared in ways that indicate a lack of understanding on the part of redevelopment agencies as to the critical aspects of the document. All future demands for tax increment are to be itemized in the document, yet some agencies omit their required funding of the Low and Moderate Income Housing Fund, future administrative cost requirements, and other costs that would be funded from future tax increments. Assembly Bill 1290, Chapter 942, Statutes of 1993, added requirements that redevelopment agencies adopt certain time limits regarding the establishment of new indebtedness, the effectiveness of the redevelopment plan, and the final date for the repayment, from tax increment, of all indebtedness. These requirements make it crucial that agencies include the above-mentioned indebtedness to enable an agency to generate sufficient tax increment to meet all of its obligations within those set time limits.

For example, 94 agencies reported indebtedness for the 1998-99 fiscal year but did not include an obligation to the Low and Moderate Income Housing

Fund. These agencies reported a total of \$3.8 billion in indebtedness. In order to factor in a 20% set-aside obligation, these agencies would have to increase their Statement of Indebtedness by \$960.6 million. This calculation does not take into consideration those agencies that may have made findings exempting them from all or a part of their set-aside obligation.

Figure 18 shows the amounts reported on the Statements of Indebtedness in a summarized form, combining the major types of indebtedness. Detailed information is presented in Table 7 of this publication.

**Figure 18**

**Statement of Indebtedness**

(Amounts in thousands)

	<b>1998-99</b>	<b>1997-98</b>
Tax Allocation Bond Debt.....	\$ 17,345,382	\$ 16,505,485
Revenue Bond Debt.....	2,386,127	2,657,282
Other Long-Term Debt.....	3,988,187	2,744,230
Advances from City/County.....	5,008,886	4,864,463
Low and Moderate Income Housing Fund.....	5,583,075	4,904,305
All Other Indebtedness.....	10,639,033	9,878,411
<b>Total Indebtedness.....</b>	<b>44,950,690</b>	<b>41,554,176</b>
Available Revenues.....	(2,293,256)	(1,939,601)
<b>Net Tax Increment Requirement.....</b>	<b>\$ 42,657,434</b>	<b>\$ 39,614,575</b>

## Changes and Trends

Over the years, legislation has amended the meaning of “redevelopment” in order to meet the diverse needs of California. In addition to rehabilitating blighted areas by making property available for new development, various legislative proposals have asked redevelopment agencies to provide shelter for the homeless, establish day care for children, deal with hazardous wastes, fund fire protection, ensure notification of industrial plant closures, and fund pension liabilities. Although not all of these requests have become law, the Legislature has permitted redevelopment agencies to engage in various activities. Redevelopment has provided flood control measures, financed housing for low-income families, assisted sports arenas, and operated amusement parks.

The California State Controller’s Office has collected financial transaction reports from community redevelopment agencies since the 1967-68 fiscal year. In the fiscal years preceding 1984-85, the reports were compiled annually in the *Special Districts Annual Report*. These earlier reports contained significantly less detail. Agencies that did not receive tax increments were previously not required to file a report and thus were not included in the special districts publication. Figure 19 briefly outlines the increase in the number of established agencies over time. For the 1998-99 fiscal year, 33 agencies, or 8.1%, reported having no financial transactions. In the 1997-98 fiscal year, 36 agencies, or 8.9%, reported having no financial transactions.

**Figure 19****Number of Agencies and Project Areas <sup>1</sup>**

Period	Agencies		Project Areas	
	Established	Total	Formed	Total
1996-99 <sup>2</sup> .....	13	406	62	823
1991-95 .....	32	393	94	761
1986-90 <sup>2</sup> .....	50	361	171	667
1981-85 .....	114	311	197	496
1976-80 .....	39	197	95	299
1971-75 .....	72	158	123	204
1966-70 .....	40	86	45	81
1961-65 .....	14	46	20	36
1956-60 .....	24	32	13	16
1951-55 .....	4	8	1	3
1940-50 .....	4	4	2	2

<sup>1</sup> Due to new formations, amendments, or merging of project areas annually, the total counts of project areas will vary from year to year. This count is based upon project areas existing and reporting during this fiscal year. Only the remaining merged area is counted in the case of mergers, and project areas that may have completed their life would be dropped from the counts.

<sup>2</sup> Newly established redevelopment agencies in 1998-99 are Mendocino County, and the cities of Del Rey Oaks, Irvine, and Tehachapi. In addition, the Mariposa County Redevelopment Agency was dissolved.

Counties have raised concerns regarding the impact city community redevelopment agencies have on county revenues. In recent years, however, counties have established project areas. Twenty-six counties have redevelopment agencies, with 18 reporting financial transactions in the 1998-99 fiscal year. Four agencies have been formed as a result of joint exercise of powers agreements between one or more communities. Each of these joint powers entities is currently active. Of these, three were formed as a result of military base closures to assist the local communities in economic recovery and base reuse programs. Figure 20 shows the number of active and inactive agencies and project areas by the forming entity.

**Figure 20****Number of Agencies and Project Areas by Forming Body**

Formed by	Agencies			Number of Project Areas
	Inactive	Active	Total	
Counties .....	8	18	26	55
Cities .....	25	351	376	764
Joint Exercise of Powers Agreements .....	—	4	4	4
<b>Total</b>	<b>33</b>	<b>373</b>	<b>406</b>	<b>823</b>

Figure 21 shows the number of cities that have an active redevelopment agency, or an inactive agency, or where no agency has been established. Of the 472 cities existing in the 1998-99 fiscal year, 79.7% had at least authorized an agency. Of the 144 cities with a population of 50,001 or greater, 92.3% had active agencies. Of the 25 inactive city agencies, 84% were in cities with a population of less than 25,001.

**Figure 21****Number of City Agencies by Population Group**

<b>Population Group</b>	<b>Cities With Active Agencies</b>	<b>Cities With Inactive Agencies</b>	<b>Cities With No Agencies</b>	<b>Total</b>
Under 10,000 .....	58	15	52	125
10,001 to 25,000 .....	75	6	18	99
25,001 to 50,000 .....	86	3	16	105
50,001 to 100,000 .....	76	—	9	85
100,001 to 250,000 .....	45	1	1	47
Over 250,000 .....	11	—	—	11
<b>Total .....</b>	<b>351</b>	<b>25</b>	<b>96</b>	<b>472</b>

The relative physical size of project areas, as well as their increasing numbers, may have an impact on other taxing agencies and the allocation of property taxes. Project areas reported vary in size from approximately two acres to more than 46,000 acres. Figure 22 summarizes the number of project areas by acre.

**Figure 22****Number of Project Areas by Acres**

Number of project areas not reporting acreage .....	70
2-50 .....	84
51-100 .....	55
101-500 .....	240
501-2,500 .....	291
2,501-6,000 .....	55
Over 6,000 .....	28
<b>Total .....</b>	<b>823</b>

Each agency was asked to indicate the various objectives of each of its project areas. The purpose most often cited was commercial development. Many project areas are engaged in multiple objectives. Figure 23 summarizes the number of project areas engaged in the most frequently cited objectives.

**Figure 23****Objectives of Redevelopment**

Commercial.....	695
Residential .....	591
Public .....	586
Industrial .....	475
Other .....	229
<b>Total .....</b>	<b>2,576</b>

## Redevelopment Agency Accomplishments

Table 3 reports information regarding accomplishments or achievements of redevelopment agencies during the 1998-99 fiscal year. In order to provide information about the accomplishments that are a direct result of redevelopment activities, data have been collected regarding estimates of jobs created and the amount of square footage completed of new and rehabilitated buildings. However, the data are limited to the most current fiscal year, while projects almost always extend over several years. To avoid overlap of information, agencies are required to provide data only for those projects or accomplishments completed during the report year. In addition to the achievements outlined below, many public infrastructure facilities such as streets, utilities, sewer, and landscaping projects were improved or constructed. An estimated 29,308 jobs were created in the 1997-98 fiscal year, and 39,166 jobs were created in the 1998-99 fiscal year. Additional information on the accomplishments of specific project areas may be found in the commentaries in Appendix A.

The data reported in Table 3 are presented as reported to the California State Controller's Office and have not been reviewed or verified as to accuracy or reliability. Figure 24 summarizes this information for the past 10 years.

**Figure 24**

### Square Footage by Type of Construction Completed and Jobs Created

(Amounts in thousands)

	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
<b>New Construction</b>										
Commercial Buildings.....	8,594	4,892	5,630	4,689	6,147	5,232	12,002	16,407	7,452	8,754
Industrial Buildings.....	15,867	10,717	9,096	4,517	2,627	4,754	3,897	3,033	7,571	11,122
Public Buildings.....	1,207	453	719	1,048	1,018	3,229	2,668	1,794	1,065	1,564
Other Buildings.....	4,574	4,416	2,486	2,711	1,739	3,243	3,912	4,438	2,367	4,719
<b>New Construction Square Footage.....</b>	<b>30,242</b>	<b>20,478</b>	<b>17,931</b>	<b>12,965</b>	<b>11,531</b>	<b>16,458</b>	<b>22,479</b>	<b>25,672</b>	<b>18,455</b>	<b>26,159</b>
<b>Rehabilitated Construction</b>										
Commercial Buildings.....	7,705	1,953	1,699	2,084	2,025	2,267	1,869	2,308	2,340	2,380
Industrial Buildings.....	1,491	1,151	1,682	1,370	1,112	663	1,058	1,023	336	200
Public Buildings.....	72	94	176	612	212	244	374	331	254	243
Other Buildings.....	921	1,117	711	1,298	1,708	786	1,245	4,230	693	635
<b>Rehabilitated Construction Square Footage.....</b>	<b>10,189</b>	<b>4,315</b>	<b>4,268</b>	<b>5,364</b>	<b>5,057</b>	<b>3,960</b>	<b>4,546</b>	<b>7,892</b>	<b>3,623</b>	<b>3,458</b>
<b>Total Square Footage.....</b>	<b>40,430</b>	<b>24,793</b>	<b>22,199</b>	<b>18,329</b>	<b>16,588</b>	<b>20,418</b>	<b>27,025</b>	<b>33,564</b>	<b>22,078</b>	<b>29,617</b>
<b>Jobs Created.....</b>	<b>39</b>	<b>29</b>	<b>41</b>	<b>26</b>	<b>37</b>	<b>25</b>	<b>26</b>	<b>29</b>	<b>23</b>	<b>29</b>

## School District Community College District Assistance

Educational assistance includes financial assistance as well as capital outlay assistance. This comes in various forms, including pass-through agreements and the sharing of the tax increment produced by the 2% growth on the base assessed valuation. In addition, the Health and Safety Code allows an agency to assist school districts in capital outlay assistance by financing actual construction, purchasing or financing of facilities or, when the activities of the agency cause overcrowding of schools, by providing financing assistance to alleviate the overcrowding. State totals for these forms of assistance are reflected in Figure 25.

**Figure 25**

### School District/Community College District Assistance

(Amounts in thousands)

	School Districts	Community College Districts	Totals	
			1998-99	1997-98
<b>Other Financial Assistance</b>				
Tax Increment Pass-Throughs .....	\$ 37,468	\$ 5,617	\$ 43,085	\$ 38,331
Other Financial or Construction Aid .....	1,738	402	2,140	2,937
<b>Total Other Financial Assistance .....</b>	<b>\$ 39,206</b>	<b>\$ 6,019</b>	<b>\$ 45,225</b>	<b>\$ 41,268</b>

# **General Information**



**Detail by**  
**Project Area**

# **Supplemental Information**

**Appendix A: General Comments**

**Appendix B: Definitions/Terminology**

**State Controller's Office Publication List**

## Appendix A <sup>3</sup>/<sub>4</sub> General Comments

The following commentaries are presented in an effort to clarify specific and/or unique circumstances of particular redevelopment agencies. The California State Controller's Office has highlighted those items that were particularly noticeable during the course of preparing this publication.

All code section references are to the Health and Safety Code, unless otherwise noted.

### Alameda County

*Community Improvement Commission of the City of Alameda* <sup>3</sup>/<sub>4</sub> Among its accomplishments during the year, the agency included:

- A. Completing the first phase of a 150,000 square-foot corporate campus;
- B. Completing a 22,000 square-foot retail project; and
- C. Completing downtown sidewalk extensions.

*Berkeley Redevelopment Agency* <sup>3</sup>/<sub>4</sub> The agency did not file the property report or the blight progress report for the fiscal year ended June 30, 1998, as required by Code Section 33080.1.

*Hayward Redevelopment Agency* <sup>3</sup>/<sub>4</sub> Among its accomplishments during the year, the agency included:

- A. Completing a 320-space municipal parking structure and 13,000 square feet of retail shopping space across from the new City Hall;
- B. Adding 370 acres to the existing project area. This additional area was added for the purpose of undertaking neighborhood preservation activities in the residential areas, and facilitating redevelopment of industrial and commercial sites;
- C. Completing Newman Park, a "pocket park" in the downtown area;
- D. Re-landscaping the first City Hall, now known as Giuliani Plaza;
- E. Completing renovation of Mervyn's downtown corporate headquarters;
- F. Acquiring and rehabilitating five apartment buildings on Harris Court, providing 20 units of multi-family housing to households earning no more than 40 percent of the area median income; and
- G. Assisting 36 low and moderate-income first-time homebuyers by providing down-payment and closing-cost assistance, which program participants leveraged with private mortgages. On average, each dollar invested in this program generated \$24 in home buying power.

**Alameda County**  
**(Continued)**

*Redevelopment Agency of the City of San Leandro*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Initiating seven and completing three facade improvements through the Awning, Sign and Paint program;
- B. Providing design assistance to five commercial businesses for upgrading signage and facades;
- C. Funding a graffiti abatement program and neighborhood cleanup events;
- D. Approving 28 loans to low and moderate-income homebuyers;
- E. Assisting three very-low, low, and moderate-income homeowners with loans for rehabilitation work; and
- F. Completing acquisition and rehabilitation of a multi-family apartment complex.

*Union City Redevelopment Agency* — The agency did not file the property report, loan report, or the blight progress report for the fiscal year ended June 30, 1999, as required by Code Section 33080.1.

**Butte County**

*Chico Redevelopment Agency*  $\frac{3}{4}$  The compliance opinion noted that the agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d).

*Oroville Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Rehabilitating 11 single-family homes;
- B. Assisting 31 families with home purchases through the First-Time Homebuyers program;
- C. Completing installation of streetlights on Feather River Boulevard;
- D. Completing work on the Mono Avenue Drainage Project;
- E. Completing various curb, gutter, sidewalk, and handicap access ramp projects;
- F. Completing work on the Corporate Yard facility and Airport Fueling System Improvement project;
- G. Completing Municipal Auditorium building improvements;
- H. Completing improvements on police and fire facilities; and

## Butte County (Continued)

- I. Completing landscaping of the Park and Ride facilities at 2120 Montgomery Street, and at Oak and Montgomery Streets.

## Contra Costa County

*Antioch Development Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing rehabilitation of a 32-unit affordable housing project for very-low and low-income families.

*Redevelopment Agency of the City of Concord*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing the Downtown Streetscape Improvement Project; and
- B. Completing several facade projects in the Downtown Facade Improvement Program.

*City of El Cerrito Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing Del Norte Marketplace, a 65,000 square-foot shopping center; and
- B. Completing the Rubicon/Idaho Motel Project, a 28-unit Single-Room Occupancy housing project for very-low-income persons.

*Pleasant Hill Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted that the agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302.

*Richmond Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d);
- B. Since the agency did not have a subsidiary ledger for fixed assets available, the auditors were unable to audit assets reported as Investments in Fixed Assets;
- C. The agency had no procedures for monitoring rental properties for rental rate, income, and family size of occupants for each rental unit, in accordance with Code Section 33418;
- D. The agency did not begin development of land held for resale, purchased with low to moderate-income set-aside monies, within five years of acquisition. The agency did not file a resolution to extend the allowable time period before development as required by Code Section 33334.16;

**Contra Costa  
County  
(Continued)**

- E. Code Section 33333.6 limits the timeframe that redevelopment agencies have for establishing loans, advances, and indebtedness to not exceed 20 years. The agency's plan has a time limit for incurring loans, advances, and indebtedness of 40 years;
- F. The agency failed to file its annual reports for the 1998-99 fiscal year as required by Code Section 33080;
- G. The agency has not maintained records of its public notifications related to public hearings. The Commission is required by law to maintain the records to show proper notification proceedings;
- H. The agency did not submit a statement of indebtedness to the county auditor by October 1st as required by Code Section 33675;
- I. All redevelopment plans and amendments must be adopted by an ordinance passed by the agency's legislative body. An ordinance which related to the amendment of eight redevelopment plans did not contain the elements required pursuant to Code Section 33367;
- J. The agency has adopted a conflict of interest code that identifies positions that involve the making of decisions that may have a material effect on a financial interest, and requires the individuals that hold those positions to file annual public disclosure statements with the agency. It was noted that several individuals had not filed their annual conflict of interest statements as required; and
- K. During the course of the audit, the following findings were made due to the absence of sufficient records or other supporting documentation: 1) monitoring and reviewing controls over financial transactions appear inadequate since they failed to prevent material errors from occurring; 2) adequate controls are not maintained to protect assets from theft and other types of misappropriations; 3) adequate controls over cash and investments are not maintained on a routine basis; 4) inability to determine whether the agency had deposited or accrued all receipts for loans, advances, or grants to the Housing Fund; 5) inability to determine whether the agency complied with adopting an exemption or deferral finding for the reduction if the agency deposited less than 20% of its gross tax increment into the Housing Fund; 6) inability to determine if funds that were expended from the Housing Fund for on-site or off-site improvements were part of the programs that result in construction of affordable housing; 7) inability to determine whether expenditures for improvements outside the project area were a direct benefit to the project area in which tax revenues were generated; 8) inability to determine whether the agency imposed affordable covenants for a requisite period of time for all housing units which it made available; 9) inability to calculate the agency's excess surplus and determine whether each year's excess surplus was accounted for separately; and 10) inability to determine whether the agency imposed the required sanctions on excess surplus funds that had not been expended within the required timeframe.

## **Contra Costa County** (Continued)

*Redevelopment Agency of the City of San Pablo* — Among its accomplishments during the year, the agency included:

- A. Revitalization of the Old Town Commercial Area;
- B. Reconstruction of San Pablo Avenue, North and South;
- C. Landscaping of Rumrill Boulevard;
- D. Realignment of Brookside Drive/Giant Road;
- E. Reconstruction of Leroy Heights Roadway; and
- F. Revitalization of 23rd Street, and Public Right-of-Way improvements.

## **Del Norte County**

*Crescent City Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing installation of visitor information exhibits and an exterior display plaza at the Crescent City Cultural Center;
- B. Completing building renovation, landscaping, and parking improvements of RHS (formerly M & P Builders Supply);
- C. Completing parking lot improvements at DaLucianna's Restaurant;
- D. Completing a new monument sign for El Patio Motel; and
- E. Completing paving of "N" Street, between 2nd and 3rd Streets.

## **Fresno County**

*Coalinga Redevelopment Agency* <sup>3/4</sup> The agency did not file the independent auditor's report on its financial statements for the fiscal year ended June 30, 1998 as required by Code Section 33080.1.

*Fowler Redevelopment Agency* — The financial audit opinion noted that the financial statements do not include the general fixed assets account group, which is necessary to conform with generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group are unknown.

*Reedley Redevelopment Agency* <sup>3/4</sup> Among its accomplishments during the year, the agency reported completing a car dealership relocation and expansion.

## **Humboldt County**

*Eureka Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing exterior renovation and enhancement of one single-story, and two two-story commercial buildings; and

## **Humboldt County (Continued)**

- B. Completing the purchase of Daly's parking lot at 5th and G Streets for the purpose of developing additional parking in the downtown area.

*Fortuna Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing construction of the Dinsmore Drive and Riverwalk industrial parks;
- B. Completing water mains on Webber, Ronald, College, and Dinsmore;
- C. Completing sewer line reconstruction on Willow/Alder, Beech, City Hall, Medical Center Alleys, and 6th Street; and
- D. Completing drainage projects at School/Trinity, College, Rohnerville Road, and 9th Street.

## **Imperial County**

*Community Redevelopment Agency of the City of Calexico*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Funding a first-time homebuyer program;
- B. Providing financial assistance to build a facility for Calexico Tissue Company, which will provide over 100 jobs; and
- C. Completing several public improvement projects.

*Redevelopment Agency of the City of El Centro*  $\frac{3}{4}$  As of June 30, 1999, the agency had no procedures for monitoring the status of housing and had no system to notify displaced persons of available low and moderate income housing as required by Code Section 33418.

*Holtville Redevelopment Agency* — The financial audit opinion noted the following areas of noncompliance:

- A. The agency maintained its books and records on the county's cash receipts and cash disbursement system, instead of on the Uniform System of Accounts prescribed by the State Controller under Government Code Section 53891; and
- B. The financial statements do not include the general fixed assets account group, which is necessary to conform with generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group are unknown.



**Kern County**

*Central District Development Agency of the City of Bakersfield* — Among its accomplishments during the year, the agency included:

- A. Completing Sonic Burger, a fast food restaurant located at 1401 23rd Street, with \$22,500 contributed by the agency to Consumer Science Corporation for pre-development costs;
- B. Completing a Rite Aid Drug Store located at 1601 23rd Street, with \$13,000 contributed by the agency to Pavilion Development Two for pre-development costs; and
- C. Contributing \$360,000, from the CDDA Housing Fund, for use in the First-Time Homebuyer's Program. This program provides qualified applicants with up to \$3,500 for down-payment and closing-costs associated with the purchase of their first home. So far, the agency's contribution has funded 286 loans and leveraged \$21,164,000 in first time home purchases.

*Delano Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing property acquisition, demolition, and relocation activities for the Chinatown Block "H" redevelopment project. Approximately 39 parcels were acquired and over 20 dilapidated and blighted buildings were demolished.

*Ridgecrest Redevelopment Agency*  $\frac{3}{4}$  The financial audit opinion noted that the financial statements do not include the general fixed assets account group, which is necessary to conform with generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group are unknown.

**Kings County**

*Redevelopment Agency of the City of Hanford* — Among its accomplishments during the year, the agency included:

- A. Completing a new 25,000 square-foot development, which will provide 20 new jobs; and
- B. Completing five commercial expansions, totaling 440 square feet and adding 56 new jobs.

*Lemoore Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Issuing home improvement grants totaling \$128,474 from the RDA Paint and Fix-Up Program to 31 low and moderate-income families;
- B. Utilizing \$17,133 in grant funds to provide neighborhood improvements;
- C. Utilizing \$5,000 in grant funds to facilitate the neighborhood clean-up projects;

## **Kings County (Continued)**

- D. Completing a block masonry wall adjacent to the new Police Department on Fox Street. The wall directly benefits, and is adjacent to, homes of low and moderate-income persons; and
- E. Issuing housing grants totaling \$96,042 from the Self-Help Project to 12 low and moderate-income families.

## **Los Angeles County**

*Agoura Hills Redevelopment Agency* <sup>3/4</sup> The compliance audit opinion noted that the agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302.

*Alhambra Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Development and construction of an 8,500 square-foot Blockbuster Video, and a 8,600 square-foot Denny's Restaurant;
- B. Development and construction of Plaza on Main, a low-income senior housing complex with 110 units, and TELACU, a low-income senior housing complex with 67 units;
- C. Rehabilitation of Atrium Restaurant (7,000 square feet), Penny Lane Records (2,000 square feet), Bun n' Burger (2,500 square feet), Flowers by Rossi (1,500 square feet), and L.A. Fitness/Baja Fresh (35,000 square feet); and
- D. Completing facade improvements at 121-129 Main Street, and Main Street between First and Second Streets.

*City of Azusa Redevelopment Agency* — The compliance audit opinion noted that the agency did not file its annual reports for the 1997-98 fiscal year as required by Code Section 33080.1.

Among its accomplishments during the year, the agency included:

- A. Completing two facade improvement projects, and funding one seismic loan in the amount of \$23,453. Both projects benefited the downtown area;
- B. Completing public improvements on Azusa Avenue in the downtown area. Improvements included decorative streetlights and benches, paved intersections, parking alignments, traffic signals, curbs, and gutters. The project was funded with CDBG, Section 108 loans, and Caltrans funds;
- C. Completing construction of a 123-foot reader board visible from the freeway. This project was a joint effort with Texaco, with the agency's portion costing \$178,575. The reader board promotes business in the redevelopment project areas, especially in the downtown area;

**Los Angeles  
County  
(Continued)**

- D. Completing construction of a new storage facility on the site of the abandoned Price Club warehouse, which added 10 new jobs. S & S Foods, a food processing facility, completed a 25,000 square foot expansion of their facility. On another part of the site, a new restaurant was opened;
- E. Completing a three-bedroom, 1,331 square-foot ROP Home/Phase 2 family dwelling located at 1040 N. McKeever. The agency spent \$116,106 for construction and land disposal costs;
- F. Rehabilitating four single and multi-family housing units with CDBG and HOME funds; and
- G. Assisting first-time homebuyers with silent second down-payment assistance under the HOP Program, to help families acquire an existing home. One Mortgage Credit Certificate (MCC) was issued to low-income homebuyers to help reduce the cost of owning a home. An MCC allows the homeowner to take a credit for either 10% or 20% of the interest paid, thereby increasing their take-home pay and the amount they can borrow.

*Bellflower Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing construction of the 21,704 square-foot Oak Street Manor, a 26-unit senior apartment complex, in which at least 25 of the units will be leased to very-low-income persons.

*Bell Gardens Redevelopment Agency* — The compliance audit opinion noted that, pursuant to Code Section 33334.6(g), if an agency, in any fiscal year, deposits less than 20% of the taxes allocated to the agency, pursuant to Code Section 33670, in the Low and Moderate-Income Housing Fund, the amount equal to the difference between 20% of the taxes allocated to the agency for each affected project, and the amount deposited that year, shall constitute a deficit of the project. The agency is required to adopt a plan to eliminate the deficit in subsequent years. The Bell Gardens Community Development Commission has deferred a total of \$583,321 from its low and moderate-income housing obligation. The Commission has not yet adopted a plan to eliminate the deficit in subsequent years.

This compliance exception is identical to that stated in the 1997-98 audit.

*Carson Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing Phase 5 of a project consisting of 119 condominiums;
- B. Relocating all tenants of the former Don Kott site; and
- C. Completing several street projects.

**Los Angeles  
County  
(Continued)**

*Cerritos Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302;
- B. The agency prepared and adopted a 25-year plan to fund the 20% low and moderate housing set-aside deferral as part of their implementation plan pursuant to Code Section 33490. However, to date, no payments have been made to repay this deferral; and
- C. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d).

*Commerce Community Development Commission*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Providing financing for the rehabilitation of the Hermitage III senior apartments;
- B. Establishing a small business development center, located within the Citadel;
- C. Relocating the Smart and Final store to its new 80,000 square-foot corporate headquarters at the Citadel;
- D. Relocating and rehabilitating American De Rosa Lamparts, Inc. to 1935 Tubway Avenue;
- E. Sponsoring a clean-up project for Atlantic Blvd; and
- F. Completing rehabilitation of the Langendorf Bakery site to house the Escon Door Company.

*City of Compton Community Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Assisting 38 residents through the Neighborhood Revitalization Program;
- B. Assisting 54 families through the First-Time Homebuyers Program;
- C. Assisting 36 residents through the Emergency Assistance Program; and
- D. Assisting 10 residents through the Deferred Equity Program.

**Los Angeles  
County  
(Continued)**

*Covina Redevelopment Agency* <sup>3/4</sup> The compliance audit opinion noted the following areas of noncompliance:

- A. The compliance audit opinion noted that, pursuant to Code Section 33334.6(g), if an agency, in any fiscal year, deposits less than 20% of the taxes allocated to the agency, pursuant to Code Section 33670, in the Low and Moderate Income Housing Fund, the amount equal to the difference between 20% of the taxes allocated to the agency for each affected project, and the amount deposited that year, shall constitute a deficit of the project. The agency is required to adopt a plan to eliminate the deficit in subsequent years. The underallocated amount for the year ended June 30, 1999, totaled \$19,387; and
- B. As of June 30, 1999, the agency had no procedures for monitoring rental properties for rental rate, income, and family size of occupants for each rental unit in accordance with Code Section 33418.

*Culver City Redevelopment Agency* <sup>3/4</sup> Among its accomplishments during the year, the agency reported the completion of one component of the Downtown Paseo network, and an 8,000 square foot addition to the Police Headquarters.

*Diamond Bar Redevelopment Agency* — The compliance audit opinion noted that the agency was not in compliance with Code Section 33302, because the city's housing element did not comply with Government Code Section 65300. In a letter from the California Department of Housing and Community Development, the State indicated that the housing element did not clearly identify adequate sites to accommodate the city's moderate and lower income housing needs. The city is currently in the process of revising its housing element to eliminate deficiencies and bring the element into compliance.

This compliance exception is identical to that stated in the 1997-98 audit.

*Glendale Redevelopment Agency* <sup>3/4</sup> Among its accomplishments during the year, the agency included:

- A. Completing Phase I of the DreamWorks Animation Studio development project;
- B. Completing construction of the Marketplace, the Block 30 parking garage project, and reconstruction of Maryland Avenue;
- C. Completing construction of a 24,000 square-foot building at 110 N. Maryland Avenue;
- D. Completing construction of a 171,000 square-foot development at 400 N. Brand Boulevard;
- E. Providing, through the Housing Authority, rehabilitation grants and loans to 14 single-family home owners;

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(Continued)**

- F. Providing, through the Housing Authority, First-Time Homebuyer loans to assist in the purchase of eight condominiums and 22 single-family detached homes;
- G. Rehabilitating 16 multi-family housing units through the Housing Authority; and
- H. Acquiring and rehabilitating the David Grogian House, a single-family house for use as a group home by the Glendale Association of the Retarded.

*Hawaiian Gardens Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The District did not adopt a budget for the 1998-99 fiscal year as required by Code Section 33606;
- B. The agency acquired 12 properties prior to June 30, 1994, using Low and Moderate Income Housing funds, and has not initiated development as required by Code Section 33334.16;
- C. The agency did not adopt an implementation plan on or before December 31, 1994, as required under Code Section 33490; and
- D. Signed copies of the minutes were not made available for public examination (because the minutes were not signed in a timely manner), as required per Code Section 33125.5.

*Community Redevelopment Agency of the City of Hawthorne*  $\frac{3}{4}$  The compliance audit opinion noted that the agency did not file its annual reports for the 1997-98 fiscal year as required by Code Section 33080.

Among its accomplishments during the year, the agency reported completing a retail shopping center, anchored by an Albertson's, including a Cal Fed Bank, Starbucks, Taco Bell, and a GNC.

*Huntington Park Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing construction of 17 single-family homes in the SFE Project Area; and
- B. Acquiring and rehabilitating 167 low-income senior citizen apartment units.

*Industry Urban Development Agency*  $\frac{3}{4}$  The financial audit opinion noted that the agency could not provide a copy of personnel rules and regulations covering all employees containing policies regarding conflict of interest, neglect of duty, or ownership of property within the redevelopment area as required by Code Sections 33126 and 33130.

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(Continued)**

*La Mirada Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing expansion of ETC Carpets, adding 81,000 square feet of new industrial space;
- B. Completing construction of new industrial facilities in the La Mirada Business Park adding 259,300 square feet for Beaulieu of America, 107,400 square feet for Delta Plastics, and 28,991 square feet for NSK;
- C. Completing La Mirada Commercenter, consisting of 133,450 square feet of new industrial space;
- D. Completing construction of a 160-unit affordable senior housing apartment facility by Related Companies of California; and
- E. Continuing the widening of Firestone Boulevard, and completing the realignment of Trojan Way.

*Lancaster Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing development of a 15,600 square-foot manufacturing facility for M & C Remco Tape Products Company. When operations begin at the facility, 30 new jobs will be created;
- B. Completing new parking facilities on 11th Street West. This project created 40 new public parking spaces for the area;
- C. Installing 29 mobilehomes in Brierwood Mobilehome Estates owned by the Lancaster Housing Authority, and providing loans to 24 first-time homebuyers to purchase the mobilehomes;
- D. Rehabilitating 28 SMIRP mobilehomes, and providing loans to 28 first-time homebuyers in Brierwood Mobilehome Estates and Desert Sands Mobilehome Estates;
- E. Rehabilitating and reselling 17 manufactured HOME units to first-time homebuyers;
- F. Purchasing and demolishing five apartment buildings on 3rd Street East to eliminate further blight of a residential neighborhood;
- G. Completing the purchase, demolition, transfer, and relocation of Agency-owned property to the Los Angeles County Fire Department for the new state-of-the-art Fire Station 33; and
- H. Completing 51 emergency repairs and handicap access retrofits for very-low-income families.

**Los Angeles  
County  
(Continued)**

*Lynwood Redevelopment Agency* ¾ Among its accomplishments during the year, the agency included:

- A. Completing the final phase of a 65-unit housing development; and
- B. Completing a 300,000 square-foot warehouse/distribution center.

*Monrovia Redevelopment Agency* — The compliance audit opinion noted the following areas of noncompliance:

- A. As of June 30, 1999, the agency had no procedures for monitoring the status of housing and had no system to notify displaced persons of available low and moderate-income housing, as required by Code Section 33418. However, during January 2000, the agency will be adopting a new relocating policy that will include procedures for notifying displaced persons of available low and moderate-income housing; and
- B. The agency does not have procedures in place to grant priority for renting or replacement housing to displaced persons, as required by Code Section 33411.3. However, during January 2000, the agency will be adopting a new relocating policy, which will include procedures for granting priority for renting or replacement housing to displaced persons.

*Community Redevelopment Agency of the City of Monterey Park* — Among its accomplishments during the year, the agency included:

- A. Completing a strategically located Commercial Rehabilitation Program project;
- B. Completing a group home, developed by Pacific Bridge at 500 South McPherrin Avenue, for six developmentally disabled adults;
- C. Rehabilitating 10 single-family homes through the Critical Maintenance Loan (CML) program. The majority of applicants are elderly residents who have paid off their mortgages, but have no money available for repairs. The CML program offers deferred loans to these low and moderate-income owner-occupants for essential repairs such as roofing, painting, and plumbing;
- D. Rehabilitating four apartment projects through the Rental Rehabilitation Program (RRP), which provided benefits to 17 lower-income households. The RRP provides forgivable loans to apartment owners who agree to maintain their units as affordable for a period of 10 years;
- E. Processing eight participants through its First-Time Homebuyer Program in cooperation with Countrywide Home Loans. The program provides a second mortgage of up to \$20,000 to first-time homebuyers, whose income does not exceed 120% of the area median income level; and



## Los Angeles County (Continued)

- F. Completing an enhanced information center for affordable housing assistance as part of its BOSS Center in the Economic Development Department. The Center contains information and applications for the CML, RRP, fair housing counseling, and various first-time homebuyer programs.

*Palmdale Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Providing assistance to Anderson-Barrows Metals Corporation for the construction of a 102,654 square foot addition to an industrial manufacturing facility, creating 40 new jobs;
- B. Providing a loan to Shaffer Insurance Services for the rehabilitation of a 2,600 square-foot commercial building, creating three new jobs;
- C. Providing assistance to Budget Car Sales for the rehabilitation of a 21,200 square-foot commercial building, creating 30 new jobs;
- D. Providing assistance to Senior Systems Technology for the construction of a 130,000 square-foot industrial manufacturing building, creating 300 new jobs;
- E. Providing assistance to Murphy Switch for the construction of a 58,515 square-foot industrial building, creating 35 new jobs; and
- F. Providing assistance to Fischer Industrial for the construction of a 68,040 square-foot industrial building in the Trade & Commerce Center.

*Paramount Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported providing \$85,727 from the Low and Moderate Fund to rehabilitate 35 residential properties.

*Pasadena Community Development Commission*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing developments for Waterworks, Three Dog Bakery, Renton Galleries, Wiseguys, Saks Fifth Avenue, expansion of Idealab, and renovations for First Baptist Church and Crate & Barrel;
- B. Completing Phase I of the Playhouse District Streetscape Program to include directional, District identity, and parking signage, benches, street banners, and trash receptacles;
- C. Opening of a 2,400 square-foot Office Max, opening of a 24-Hour Fitness, Maison Akira, Book Alley II, expansion of Kinko's, and construction of Heritage Walk, a 30-unit condominium project on Walnut Street;
- D. Installing directional and parking signs in and adjacent to the South Lake District; and

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(Continued)**

- E. Opening the Chamber of Commerce corporate offices at Del Mar and South Lake.

*Redevelopment Agency of the City of Pomona* ¾ The compliance audit opinion noted the following areas of noncompliance:

- A. Code Section 33413 requires that all low to moderate-income housing units destroyed or removed from the housing market by the agency must be replaced by rehabilitation or construction within four years of destruction or removal. The agency failed to meet this requirement;
- B. The agency did not begin development of land held for resale, purchased with low to moderate-income set-aside monies, within five years of acquisition. A resolution to extend the allowable time period before development was not filed as required by Code Section 33334.16;
- C. The agency did not hold a public hearing on the implementation plan as required by Code Section 33490;
- D. As of June 30, 1999, the agency had no procedures for monitoring rental properties for rental rate, income, and family size of occupants for each rental unit in accordance with Code Section 33418; and
- E. Housing fund expenditures were made outside the project area. The agency was unable to locate the Resolution that adopted the finding authorizing expenditures from the Housing Fund outside the project areas in which they were generated.

Among its accomplishments during the year, the agency reported:

- A. Rehabilitating a 12,000 square-foot building for Packaging Plus, bringing 15 jobs to the area;
- B. Rehabilitating a 60,000 square-foot industrial building for Nationwide Auction Systems, bringing 25 jobs to the area;
- C. Rehabilitating a 14,000 square-foot building for the former Orlando's Restaurant, bringing 22 jobs to the area;
- D. Rehabilitating a 116,000 square-foot building for Cardenas Market, bringing 150 jobs to the area;
- E. Rehabilitating the 800,000 square-foot former federal NIROP building for Boyd Furniture, bringing 250 jobs to the area. Nutro Products expanded their warehouse facility into a portion of the Boyd Furniture building, bringing 25 jobs to the area;
- F. Rehabilitating a 83,000 square-foot building for Food 4 Less, bringing 95 jobs to the area;

**Los Angeles  
County  
(Continued)**

- G. Rehabilitating and sub-dividing the former Brockway Glass manufacturing facility;
- H. Rehabilitating a 35,000 square-foot industrial building located at 1350 Lexington Avenue, bringing 22 jobs to the area;
- I. Rehabilitating a 22,000 square-foot building located at 1395 Lexington Avenue, bringing 18 jobs to the area;
- J. Rehabilitating a 35,000 square-foot industrial building located at 1341 Philadelphia Street, bringing 32 jobs to the area;
- K. Completing Phase I of Sofia's Tortilla Factory, a 28,000 square-foot building, bringing 150 jobs to the area;
- L. Completing a 22,000 square-foot building for Rite Aid Drug Store, bringing 30 jobs to the area;
- M. Rehabilitating a 18,100 square-foot building for the 99 Cent Store, bringing 30 jobs to the area; and
- N. Completing a retail center consisting of two buildings totaling 11,400 square feet for Lucy's Laundromat and Kragen Auto parts, bringing 25 jobs to the area.

*Rancho Palos Verdes Redevelopment Agency* — The compliance audit opinion noted that the agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302.

This compliance exception is identical to that stated in the 1997-98 audit.

*Rosemead Redevelopment Agency* <sup>3/4</sup> Among its accomplishments during the year, the agency included:

- A. Placing an asphalt concrete overlay on 566,350 square feet of various streets, installation of 52 streetlights, planting of 98 parkway trees on Walnut Grove Avenue, and construction of 98 curb ramps on various streets; and
- B. Widening of 1,250 linear feet on Highcliff Avenue, including construction of curb, gutter, and sidewalk, installation of 38 parkway trees and nine streetlights, and construction of 1,020 linear feet of DIP waterline.

*Redevelopment Agency of the City of Santa Fe Springs* <sup>3/4</sup> The compliance audit opinion noted that the agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302. These revisions were not made as of June 30, 1999.

Among its accomplishments during the year, the agency included:

**Los Angeles  
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(Continued)**

- A. Completing construction of a pedestrian bridge and other public improvements at the intersection of Norwalk Boulevard and Telegraph Road;
- B. Completing two single-family homes that were subsequently sold to low and moderate-income families; and
- C. Completing 42,000 square feet of industrial warehouse space.

*Redevelopment Agency of the City of Santa Monica*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported development of a very-low-income senior housing project located at 2807 Lincoln Boulevard, which is located outside all project areas.

*Signal Hill Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302. These revisions were not made as of June 30, 1999; and
- B. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d).

*South El Monte Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. There was a complete lack of segregation of duties within the Finance Department during the 1997-98 fiscal year;
- B. The compliance audit opinion noted that the agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302; and
- C. Code Section 33333.6 limits the timeframe that redevelopment agencies have for establishing loans, advances, and indebtedness to not exceed 20 years. The agency's plan has a time limit for incurring loans, advances, and indebtedness of 40 years.

*Temple City Community Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted that the agency was not in compliance with Code Section 33302, because the city's housing element did not comply with Government Code Section 65300. The housing element should analyze the housing needs of special needs groups in Temple City and demonstrate greater commitment to implementing proposed program actions.

## Los Angeles County (Continued)

*Redevelopment Agency of the City of Torrance*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing a 50,000 square foot addition to Sunrider International's main building for an additional office and museum; and
- B. Completing a 157,000 square-foot retail building for Loews/Eagle Hardware & Garden.

*Walnut Improvement Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing an extension to Paseo del Prado Street facilitating circulation in the industrial area;
- B. Completing reconstruction of streets identified in the Pavement Management System as the most critical to be completed, including streets east of Pierre Road, north of Valley Boulevard, and west of Lemon Avenue; and
- C. Replacing sidewalk displacements throughout the City.

*Whittier Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing a 45,000 square-foot supermarket;
- B. Completing the 56,000 square-foot Lee Owens Park; and
- C. Initiating the CARE Program as a pilot project, in cooperation with the police department, to clean-up multi-family areas.

## Madera County

*Madera Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing two facade projects, Pete's and Leighton's, through the Facade Renovation Program;
- B. Completing a 7,000 square-foot Post Office Annex, bringing six jobs to the area;
- C. Completing a 90,000 square-foot infrastructure for LeSaint Logistics, bringing 20 jobs to the area; and
- D. Completing a 20,000 square-foot infrastructure for Pacific Gold, bringing 20 jobs to the area.

## Marin County

*Marin County Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted that the agency maintained its books and records on the county's cash receipts and cash disbursement system, instead of on the Uniform System of Accounts prescribed by the State Controller under Government Code Section 53891.

## **Marin County (Continued)**

*Redevelopment Agency of the City of Novato* ¾ The compliance audit opinion noted that the agency was not in compliance with Code Section 33302, because the city's housing element did not comply with Government Code Section 65300.

*San Rafael Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing a 60,000 square-foot building for the Shamrock Retail Center;
- B. Completing construction of 60 apartments in the Downtown area pursuant to an Agency Ground Lease and DDA; and
- C. Providing rehabilitation funding on Carmel Hotel pursuant to a Grant Agreement that placed affordable covenants on 100% of the units, resulting in 29 beds for very-low-income mentally-disabled persons.

*Tiburon Redevelopment Agency* — The agency failed to file its annual reports for the 1998-99 fiscal year as required by Code Section 33080. Transactions for this agency do not appear in this publication.

## **Mendocino County**

*Fort Bragg Redevelopment Agency* — The compliance audit opinion noted the following areas of noncompliance:

- A. The agency did not file its Housing Activities Report or its Annual Report of Financial Transactions for the fiscal year ended June 30, 1999, as required by Code Section 33080;
- B. As of June 30, 1999, the agency had no procedures for monitoring rental properties for rental rate, family size of occupants, or change of ownership information for each rental unit in accordance with Code Section 33418; and
- C. The City of Fort Bragg does not post a map of the redevelopment area with the notices for redevelopment meetings. To comply with Code Section 33349, the City must post a map of the redevelopment area with its public notifications. The Agency was not aware that a map must be posted.

Among its accomplishments during the year, the agency reported completing a street widening project in conjunction with Caltrans on Highway #1 (Main Street).

## **Merced County**

*Los Banos Redevelopment Agency* ¾ The compliance audit opinion noted the following areas of noncompliance:

- A. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the

## Merced County (Continued)

production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d); and

- B. The agency did not file the blight progress report for the fiscal year ended June 30, 1999, as required by Code Section 33080.1.

*Redevelopment Agency of the City of Merced* — Among its accomplishments during the year, the agency included:

- A. Completing the 5,000 square-foot McFadden Veterinary Clinic;
- B. Completing the 4,730 square-foot Caton office building;
- C. Completing the 100-unit Sierra Meadows Senior Housing Project;
- D. Completing the Arts Alley Project in the 600 block of West Main Street;
- E. Installing storm drainage along West Main Street between “H” and “I” Streets; and
- F. Completing the 15,000 square foot expansion of the Stahl Metal industrial plant.

## Monterey County

*Monterey County Redevelopment Agency* — The financial audit opinion noted that the financial statements do not include the general fixed assets account group, which is necessary to conform with generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group are unknown.

This compliance exception is identical to that stated in the 1997-98 audit.

*Soledad Redevelopment Agency* — The financial audit opinion noted that the agency had not maintained a complete record of its general fixed assets and, accordingly, had no statement of general fixed assets as required by generally accepted accounting principles.

This compliance exception is identical to that stated in the 1997-98 audit.

## Napa County

*Napa Community Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing one commercial building under the Seismic Retrofit Program;
- B. Completing 17 renovation projects under the Facade Improvement Program;
- C. Installing six Victorian light poles; and
- D. Completing a pedestrian/special event plaza on Coombs Street.

## **Nevada County**

*Redevelopment Agency of the City of Grass Valley*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported finishing the Main Street Rehabilitation Project.

## **Orange County**

*Brea Redevelopment Agency* — The compliance audit opinion noted that the agency's general plan included a housing element that had not yet been approved by the California Department of Housing and Community Development as required by Code Section 33302.

This compliance exception is identical to that stated in the 1997-98 audit.

*Tustin Community Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing construction of a civic center, police complex, and a community gymnasium.

*Westminster Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported:

- A. Development of a community center;
- B. Installing City entrance signs; and
- C. Improving existing housing for low and moderate-income residents.

## **Placer County**

*Redevelopment Agency of Placer County* — The compliance audit opinion noted that the Agency maintains its accounting records in two funds; one for low and moderate-income housing activities, and one for other redevelopment activities. During the year ended June 30, 1998, the Agency incurred expenditures related to all three redevelopment project areas, but accounted for all of these in one redevelopment fund. The Uniform Accounting System for Community Redevelopment Agencies, prescribed by the California State Controller, requires that separate funds be maintained for each project area.

## **Riverside County**

*Blythe Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported several projects related to street improvements including a storefront rebate program, downtown sidewalk project, and a low-income housing program.

*City of Cathedral City Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing Cathedral City Civic Center, Police Headquarters, Town Square, the Beerhunter, and IMAX of the Desert;
- B. Completing Casas San Miguel Allende, a special needs housing project, consisting of 18 newly constructed units, and 20 reconstructed/rehabilitated units;



## Riverside County (Continued)

- C. Extending Civic Center North to Cathedral Canyon, including light signals at the intersection, and median and landscape improvements on Ramon Road;
- D. Completing the Desert Water Agency pump station on Date Palm Drive, and completing construction of Rasmussen Center on the northeast corner of Date Palm Drive and Ramon Road;
- E. Completing the Dinah Shore Drive bridge, completing the reconstruction of portions of Dinah Shore Drive, and installing signal lights;
- F. Completing Casa Victoria, a 50-unit senior housing project; and
- G. Completing Parking Lot #1 with 329 spaces, and completing street and sewer improvements in the Rio Vista neighborhood.

*City of Desert Hot Springs Redevelopment Agency* <sup>3/4</sup> The audit opinions noted the following areas of noncompliance:

- A. The financial opinion noted that the agency has not maintained a complete record of its general fixed assets. The financial statements do not include the general fixed asset group of accounts as required by generally accepted accounting principles; and
- B. The compliance opinion noted that the agency had not obtained a letter from the California Department of Housing and Community Development, stating that its housing element substantially complies with Code Section 33302.

*Redevelopment Agency of the City of Indio* — The compliance audit opinion noted that the agency was not in full compliance with state housing element law. Significant revisions are necessary to bring the general plan into compliance with state housing element law.

This compliance exception is identical to that stated in the 1997-98 audit.

*Lake Elsinore Redevelopment Agency* <sup>3/4</sup> The compliance audit opinion noted that the agency did not file its annual reports for the 1997-98 fiscal year as required by Code Section 33080.

*Moreno Valley Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing Day Street improvements;
- B. Completing Towngate Park;
- C. Completing rehabilitation of Desert Motel;
- D. Completing rehabilitation of Sunnymead Electric;
- E. Assisting eight homeowners with minor home repairs;

**Riverside County  
(Continued)**

- F. Rehabilitating 30 mobilehomes; and
- G. Providing downpayment assistance to 22 homebuyers.

*Norco Community Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing a 109,000 square-foot HomeBase Store;
- B. Completing public improvements for Quickcrete; and
- C. Assisting 93 low and moderate-income households through the Code Enforcement Assistance Program, the First-Time Homebuyer Program, the Senior Home Repair Program, and the Sewer II Tax Reimbursement Program.

*City of Palm Desert Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing public improvements for professional office space;
- B. Completing a public golf course, including surrounding walls and landscaping;
- C. Completing construction of public roads and infrastructure;
- D. Rehabilitating Santa Rosa Apartments, a 20-unit multi-family rental housing project for very-low and low-income families;
- E. Acquiring and rehabilitating two single-family homes for low-income families; and
- F. Providing grants and low-interest loans of up to \$7,500 through the Home Improvement Program, to very-low and low-income homeowners for minor improvements, and to address emergency and health and safety issues.

*Redevelopment Agency of the City of Perris*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency did not file its annual reports for the 1997-98 fiscal year as required by Code Section 33080;
- B. The agency's detail listing of property held does not indicate the date property was purchased using Low and Moderate-Income Housing Funds. The agency is unaware of how long property has been held or whether it has been developed or sold within the five-year time limit as required by Code Section 33334.16; and
- C. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d).

## Riverside County (Continued)

*Redevelopment Agency of the City of Riverside*  $\frac{3}{4}$  The compliance audit opinion noted that the agency did not obtain an extension, by resolution, to hold property held by the Housing Fund for more than five years as required by Code Section 33334.16.

Among its accomplishments during the year, the agency included:

- A. Completing a commercial building and restaurant in the 52-acre Marketplace; and
- B. Assisting a local non-profit housing developer in the acquisition of seven affordable homes which were rehabilitated and sold to low-income homebuyers.

*Redevelopment Agency of Temecula*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing a \$5.2 million major streetscape project in the Old Town area to include a storm drain system, boardwalks, mission style street lamps, street furniture, street resurfacing, a sound system, landscaping with a paseo walkway, and handcrafted western archways at the north and south entrances;
- B. Providing funding for 16 first-time homebuyers and assisting 37 low and median-income households with minor property improvements; and
- C. Assisting several businesses and property owners through the Old Town Facade Improvement Program.

## Sacramento County

*Redevelopment Agency of the City of Galt* — Among its accomplishments during the year, the agency included:

- A. Providing housing rehabilitation loans and grants to low-income owners for the rehabilitation of eight homes; and
- B. Providing a housing rehabilitation loan to an investor for the rehabilitation of a duplex rental for low-income tenants.

*Isleton Redevelopment Agency*  $\frac{3}{4}$  The agency failed to file its annual report for the 1998-99 fiscal year as required by Code Section 33080. Transactions for this agency do not appear in this publication.

## San Benito County

*Hollister Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing 20 homes for very-low and low-income families;

**San Benito County  
(Continued)**

- B. Rehabilitating three streets in the project area through the Street Rehabilitation Program; and
- C. Completing the undergrounding of utilities in the downtown area.

**San Bernardino  
County**

*Redevelopment Agency of the County of San Bernardino*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing infrastructure improvement projects including the installation of traffic signals on major arteries, and street improvements including curbs, gutters, and street widening.

*Community Redevelopment Agency of the City of Grand Terrace*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency had not obtained a letter from the California Department of Housing and Community Development, stating that its housing element substantially complies with Code Section 33302;
- B. Code Section 33445 requires that the Agency Board make a finding before the construction of public facilities. The agency paid for the remodeling of the Housing Office, which is a separate building from City Hall, without having documentation that the required findings were made;
- C. Code Section 33333.6 limits the timeframe that redevelopment agencies have for establishing loans, advances, and indebtedness to not exceed 20 years. The agency's plan has a time limit for incurring loans, advances, and indebtedness of 40 years; and
- D. Code Section 33431 and 33433 require that the agency notice and hold a public hearing for the sale or lease of agency property. During fiscal year 1996-97, the agency sold four properties without holding the required public hearing.

Among its accomplishments during the year, the agency included:

- A. Completing five low and moderate-income housing projects through the Purchase/Resale Program;
- B. Providing loans to two families through the Low/Mod Home Improvement Loan Program; and
- C. Completing several capital improvement projects.

*Highland Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion indicated that the City of Highland had not received approval from the California Department of Housing and Community Development regarding the housing element of the City's general plan.

This compliance exception is identical to that stated in the 1997-98 audit.

**San Bernardino  
County  
(Continued)**

*Inland Valley Development Agency* — The compliance audit opinion for the agency indicated that the purchase price of \$46,000,000 for Norton Air Force Base had not been allocated between the elements of land, buildings, infrastructure, and deferred interest, and appraisals of the underlying assets had not been obtained by the agency. The independent auditors were not able to satisfy themselves as to the valuation of real property and equipment acquired. The effects on the financial statements were not reasonably determined.

*Ontario Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing freeway landscaping adjacent to the Mills I-15;
- B. Completing Ontario Plaza including an Albertson's Grocery Store and a Rite Aid Drug Store;
- C. Completing the Senior Seasons apartment complex in the Ontario Plaza;
- D. Completing public improvements on Mountain Avenue including streetlighting and streetscape;
- E. Completing the Edwards Ontario Mountain Village Theatre and parking structure along with other related infrastructure;
- F. Completing seismic retrofit, rehabilitation, and upgrading of the former Police Station located at 217 South Lemon Street; and
- G. Re-roofing both Chaffey College buildings located at 208 and 223 West Emporia Street.

*Redevelopment Agency of the City of Redlands* — The financial audit opinion noted that the agency had not maintained adequate records for the fixed assets of the General Fixed Assets Account Group, and accordingly, they were unable to satisfy themselves as to the fixed assets.

This compliance exception is identical to that stated in the 1997-98 audit.

*City of San Bernardino Economic Development Commission*  $\frac{3}{4}$  The audit opinions noted the following areas of noncompliance:

- A. The financial audit noted that the agency has valued land held for resale at a cost which exceeds fair market value. Land held for resale should be recorded at the lower of cost or fair market value to conform with generally accepted accounting principles; and
- B. The compliance audit noted that the agency did not obtain an extension to hold property held by the Housing Fund for more than five years as required by Code Section 33334.16.

Among its accomplishments during the year, the agency included:

**San Bernardino  
County  
(Continued)**

- A. Completing an expansion of 100,000 square feet for GE Capital Mortgage, creating 150 new jobs; and
- B. Completing 137,630 square feet of retail warehouse space for Costco, creating 100 new jobs.

*Victor Valley Economic Development Authority*  $\frac{3}{4}$  The compliance audit opinion noted that the reports for fiscal year ended June 30, 1999, were not filed in a timely manner as required by Code Section 33080.

*Victorville Redevelopment Agency* — The compliance audit opinion noted that the reports for fiscal year ended June 30, 1999, were not filed in a timely manner as required by Code Section 33080.

Among its accomplishments during the year, the agency included:

- A. Completing 16,000 square feet of medical space for the San Bernardino County Mental Health Department;
- B. Completing an 8,000 square-foot dental facility for Vista Dental;
- C. Completing 5,000 square feet of medical space for Dr. Paul Bell;
- D. Completing 16,000 square feet of office space for the Desert Dental facility and laboratory;
- E. Completing the La Paz branch of the Desert Community Bank; and
- F. Assisting 60 very-low and low-income households through the Mortgage Assistance Program.

*Redevelopment Agency of the City of Yucaipa*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing Phase I improvements to the Uptown Business District, including storm drains, curbs, gutters, sidewalks, road improvements, planters, and upgrades to street lighting.

**San Diego County**

*Carlsbad Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Providing, through the Facade Improvement and Signage Assistance Grant Program, financial assistance to property owners to upgrade building exteriors; and
- B. Improving the streetscape of the downtown area through the Village Beautification Program.

*City of Chula Vista Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted that the Bayfront/Town Center Project Area sets aside 16.56% of the tax increment for low and moderate-income housing instead of 20%. Code Section 33334.2 and 33334.6 require that a finding be made annually by

## San Diego County (Continued)

resolution of the Agency if less than 20% of the tax increment is set aside. Such a finding has not been made by the Agency.

Among its accomplishments during the year, the agency included:

- A. Completing a 2,000 square-foot commercial building in the Bayfront Project Area;
- B. Completing a 2,952 square-foot commercial building in the Town Centre II Project Area;
- C. Completing a 10,000 square-foot commercial building in the Town Centre II Project Area; and
- D. Completing a 5,000 square-foot industrial building in the Southwest Project Area.

*Community Development Commission of the City of Escondido* <sup>3/4</sup> The compliance audit opinion noted that the reports for fiscal year ended June 30, 1999, were not filed in a timely manner as required by Code Section 33080.

*Community Development Commission of the City of National City* — Among its accomplishments during the year, the agency included:

- A. Rehabilitating 17 homes for very-low-income households through the Christmas in July Program;
- B. Making housing rehabilitation loans for 24 single-family homes, and three multi-family units;
- C. Assisting three low and moderate-income households with a silent second trust deed as down-payment assistance in the purchase of a home, through the First-Time Homebuyer Program;
- D. Providing closing costs and down-payment grants to 11 low and moderate-income first-time homebuyers; and
- E. Providing seven first-time homebuyers with an Up-Front, One-Time Only Private Mortgage Insurance Policy payment.

*Poway Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing a Hyundai-Suzuki dealership;
- B. Completing the widening of Espola Road from Bridlewood Road to Cloudcroft Drive;
- C. Completing a Material's Handling Yard at the South Poway facility;
- D. Installing staircases, handrails, and additional railroad track at Old Poway Park;

**San Diego County  
(Continued)**

- E. Constructing a new shade structure to provide shelter for the playground area at Silverset Park;
- F. Replacing older underground gas distribution lines at Poway Royal Estates Mobilehome Park;
- G. Completing Park View Terrace, a 92-unit affordable housing development located in Poway's Town Center; and
- H. Providing seven loans through the CDBG Housing Rehabilitation Program. These loans provide zero-interest, deferred, forgiving loans of up to \$8,000 to very-low and low-income homeowners to finance basic home repair and rehabilitation projects.

*Santee Community Development Commission*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported providing assistance to low-income homeowners with home repair loans through the Rental Assistance Program.

*Solana Beach Redevelopment Agency* — The compliance audit opinion noted the following areas of noncompliance:

- A. The agency had not yet obtained approval from the California Department of Housing and Community Development for the housing element included in its general plan as required by Code Section 33302; and
- B. The agency had not adopted an implementation plan on or before December 31, 1994, as required under Code Section 33490.

*Vista Community Development Commission*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Assisting six owners with Commercial Property Improvement loans and grants;
- B. Completing a public parking lot along South Santa Fe;
- C. Completing the second phase of the Nettleton Road/Cedar Road Project. Nettleton Road is a 28-unit affordable housing complex, and Cedar Road is a 40-unit affordable housing complex; and
- D. Providing 10 low and moderate-income households with mobilehome repairs through the Mobilehome Rehabilitation Program.

**San Joaquin County**

*Redevelopment Agency of the City of Lathrop*  $\frac{3}{4}$  The City Council of the City of Lathrop finds that there is no further need for a redevelopment agency to function in the City of Lathrop. The Redevelopment Agency of the City of Lathrop is hereby dissolved.



## San Joaquin County (Continued)

*Manteca Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Providing health and safety improvement grants to 40 low and moderate-income senior households to finance new roofs, plumbing, electrical, and heating repairs, and the installation of handicapped accessible improvements; and
- B. Providing a Business Development Loan for the completion of the Kelley Brothers Brewery/The Brickyard Restaurant, creating 80 jobs.

## San Luis Obispo County

*Pismo Beach Redevelopment Agency*  $\frac{3}{4}$  The financial audit opinion noted that the agency had not maintained adequate records for the fixed assets of the General Fixed Assets Account Group, and accordingly, they were unable to satisfy themselves as to the fixed assets.

## San Mateo County

*Belmont Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing 8,000 square feet of new commercial shops for Safeway Stores located at 1200 El Camino Real; and
- B. Completing a 72-room Holiday Inn located at 1650 El Camino Real.

*East Palo Alto Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing the Good Guys and Office Depot stores.

*Redevelopment Agency of the City of South San Francisco*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing 372,768 square feet of new buildings for Sugan and Rigel;
- B. Completing a 150,000 square-foot development located on Oyster Point Boulevard;
- C. Completing a 177,000 square-foot building located at 701 Gateway; and
- D. Completing three hotel projects; Hampton Inn (100 rooms), Larkspur Landing (111 rooms), and Hilton Gardens (172 rooms).

## Santa Barbara County

*County of Santa Barbara Redevelopment Agency* — The compliance audit opinion noted that the agency had not adopted an implementation plan on or before December 31, 1994, as required under Code Section 33490.

This compliance exception is identical to that stated in the 1997-98 audit.

**Santa Barbara  
County  
(Continued)**

*Redevelopment Agency of the City of Santa Barbara*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported:

- A. Completing Phase I of the downtown sidewalk improvement project including installing brick pavers, landscaping, removing or changing planters, and installing water fountains;
- B. Installing new streetlights on several side streets in the downtown area; and
- C. Replacing the flag brackets that hold decorative flags along State Street.

**Santa Clara County**

*Campbell Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Assisting six median income families through the First-Time Homebuyers Program;
- B. Providing decorative street tree lights and downtown banners;
- C. Completing, with the Habitat for Humanity, two homes for very-low-income buyers;
- D. Completing, with Summer Hill Homes, 52 homes, including eight for low-income buyers;
- E. Completing 100 new parking spaces in the Loop Street Parking Plan; and
- F. Completing an 8,000 square-foot mixed-use building in the downtown area.

*Redevelopment Agency of the City of Morgan Hill*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Providing grants to Gieselman Chiropractic and Mezza Luna Restaurant through the Facade Improvement Program;
- B. Providing assistance to the Morgan Hill Historical Society for landscaping, hardscaping, and structural improvements to the Morgan Hill House; and
- C. Completing a 96-unit affordable rental development for Cochrane Village and Morgan Hill Ranch for the Ecumenical Association of Housing.

*City of Mountain View Revitalization Authority*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Renovating five parking lots including new streetlights, sidewalks, and underground utilities; and

## Santa Clara County (Continued)

- B. Completing a 21,000 square-foot commercial building at the corner of California and Castro Streets.

*Redevelopment Agency of the City of San Jose*  $\frac{3}{4}$  The compliance audit opinion noted that the agency did not file the loan report or the property report by June 30, 1999, as required by Code Section 33080.1.

*Redevelopment Agency of the City of Santa Clara*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency did not file the property report by June 30, 1999, as required by Code Section 33080.1; and
- B. The agency did not obtain an extension by resolution, to hold property held by the Housing Fund for more than five years as required by Code Section 33334.16.

## Santa Cruz County

*Santa Cruz County Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing Simpkins Family Swim Center and Live Oak Community Center;
- B. Completing improvements at the Hook surfing area, lower 41st Avenue, and Pleasure Point Business area including parking, restrooms, landscape, roadways and streetscapes;
- C. Completing additional parking at the Daubenbiss Parking Lot in the Soquel Village;
- D. Completing infill along Jose Avenue filling a major gap in a key pedestrian connection to Live Oak schools and Capitola Road; and
- E. Acquiring and rehabilitating a facility for homeless teenagers.

*Scotts Valley Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing a 4.9 acre mini-storage facility;
- B. Completing, with the Historic Preservation Committee, repairs of walls and ceilings for the Scott House; and
- C. Completing reconstruction of all four lanes of Scotts Valley Drive, including curbs, gutters, sidewalks, storm drain improvements, and undergrounding of utilities.

*Watsonville Redevelopment Agency* — The audit opinions noted the following areas of noncompliance:

**Santa Cruz County  
(Continued)**

- A. The financial audit opinion noted that the agency did not have a subsidiary ledger for fixed assets available, so the auditors were unable to audit assets reported as Investments in Fixed Assets; and
- B. The compliance audit opinion noted that Code Section 33334.16 requires the initiation of development of land purchased with low and moderate-income housing funds within five years from the date of acquisition. The agency has land that was purchased in 1993 with low and moderate-income housing funds for which development has not been initiated.

These compliance exceptions are identical to those stated in the 1997-98 audit.

Among its accomplishments during the year, the agency included:

- A. Completing the Romo car lot and a Burger King; and
- B. Assisting the Pajaro Valley Housing Corporation with the Housing Rehabilitation Project.

**Solano County**

*Fairfield Redevelopment Agency* <sup>3/4</sup> Among its accomplishments during the year, the agency included:

- A. Completing a 39,524 square-foot manufacturing facility expansion;
- B. Completing a 30,000 square-foot visitors' center for Goelitz Candy Company;
- C. Completing Edwards Cinema, a 70,000 square-foot multi-plex cinema at Solano Mall;
- D. Completing Best Buy Electronics, a 47,000 square-foot electronics store at Solano Mall;
- E. Completing Watson Auto Body, a 16,000 square-foot auto body repair business on Beck Avenue; and
- F. Rehabilitating several businesses on North Texas, including Mad Mowers (1,500 square feet), Pagers, Etc. (6,000 square feet), Fairfield Village (50,000 square feet), and Hero's Gallery (1,000 square feet).

*Rio Vista Redevelopment Agency* — The compliance audit opinion noted the following areas of noncompliance:

- A. The Agency's proposed housing element has not been approved by the California Department of Housing and Community Development (HCD) as required by Code Section 33302. The City's draft element of the general plan was reviewed and approved by HCD in July 1992. However, a City Council approved element has not been received by HCD; and

## Solano County (Continued)

- B. The agency has not adopted an implementation plan on or before December 31, 1994, as required under Code Section 33490.

These compliance exceptions are identical to those stated in the 1997-98 audit.

*Redevelopment Agency of the City of Vacaville* — Among its accomplishments during the year, the agency reported completing 208,000 square feet of commercial space, including Chevron/McDonald's, Vaca Bowl & Family Recreation Center, U.S. Rentals, Comp USA, Vacaville Self-Storage, Petco, Jack in the Box, Chevy's Mexican Restaurant, Coffee Tree Plaza Shops, Building C of the Live Oak Business Park, and Country Garden Senior Apartments/Recreation Building.

## Sonoma County

*Sonoma County Community Development Commission*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing Phase I of the Sebastopol Road widening project from Stony Point to Burbank Avenue.

*Petaluma Community Development Commission* — The compliance audit opinion noted the following areas of noncompliance:

- A. The agency has not maintained records of its public notifications related to public hearings. The Commission is required by law to maintain the records to show proper notification proceedings; and
- B. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d).

*Community Development Agency of the City of Rohnert Park*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. Code Section 33333.6 limits the timeframe that redevelopment agencies have for establishing loans, advances, and indebtedness to not exceed 20 years. The agency's plan has a time limit for incurring loans, advances, and indebtedness of 40 years; and
- B. The agency had not yet obtained approval from the California Department of Housing and Community Development (HCD) for the housing element included in its general plan as required by Code Section 33302.

## Stanislaus County

*Redevelopment Agency of the County of Stanislaus*  $\frac{3}{4}$  The compliance audit opinion noted that the county auditor's office changed the method of determining pass-through amounts. The agency has followed the policy of transferring 25% of its net revenues to the Low and Moderate-Income Fund. The amount required is 20% of the gross tax incremental amount. The amount calculated as owed to Low and Moderate housing and not transferred

## **Stanislaus County (Continued)**

at June 30, 1999, was \$31,987. The amount of interest accrued on that amount has not been determined.

*Modesto Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted that the agency had no procedures for monitoring rental properties for rental rate, family size of occupants, or change of ownership information for each rental unit in accordance with Code Section 33418.

*Oakdale Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing a Senior Center.

*Waterford Redevelopment Agency* — The compliance audit opinion noted the following areas of noncompliance:

- A. The agency has not adopted an implementation plan on or before December 31, 1994, as required under Code Section 33490;
- B. Code Section 33333.6 limits the timeframe that redevelopment agencies have for establishing loans, advances, and indebtedness to not exceed 20 years. The agency's plan has a time limit for incurring loans, advances, and indebtedness of 40 years;
- C. Code Section 33334.3 requires that interest earned on monies set aside for low-to-moderate-income housing also be set aside for that purpose. The Low-to-Moderate Housing Fund earned less than 1% interest on its average cash balance during fiscal year 1998, which is less than the City's pooled cash earned during the same period; and
- D. The agency could not provide a copy of personnel rules and regulations covering all employees containing policies regarding conflict of interest, neglect of duty, or ownership of property within the redevelopment area as required by Code Sections 33126 and 33130.

## **Sutter County**

*Redevelopment Agency of the City of Yuba City*  $\frac{3}{4}$  Among its accomplishments during the year, the agency reported completing construction of the Town Square.

## **Tulare County**

*Farmersville Redevelopment Agency* — The compliance audit opinion noted the following areas of noncompliance:

- A. The agency did not prepare a written determination showing that planning and administrative expenses were necessary for the production, improvement, or preservation of low and moderate-income housing as required by Code Section 33334.3(d); and
- B. Code Section 33334 requires that 20% of gross tax increment be allocated to the Housing Fund. The City did not allocate 20% of the gross tax increment to the Housing Fund.

## **Tulare County (Continued)**

Among its accomplishments during the year, the agency included:

- A. Purchasing and remodeling a 10-year-old vacant manufacturing facility, in conjunction with the City, to house police, fire and other City offices;
- B. Assisting the City financially to build a child care center to provide child care services to low-income families; and
- C. Providing low and moderate-income housing in the project areas.

*Lindsay Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted the following areas of noncompliance:

- A. The agency has never considered the Low and Moderate-Income Housing Fund during the budget process. Accounting transactions are recorded as year-end reclassifications from other funds rather than original transaction postings; and
- B. The agency has no employees of its own. However, seven employees of the City of Lindsay have varying percentages of their salary and benefits allocated to the agency. The agency needs to contract with the City of Lindsay for necessary services and then reimburse the City.

*Tulare Redevelopment Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing parking lot improvements;
- B. Assisting 55 low-income households with Housing Set-Aside Funds; and
- C. Assisting 21 low-income households to purchase existing homes in the West Tulare Project Area.

## **Ventura County**

*Fillmore Redevelopment Agency*  $\frac{3}{4}$  The financial audit opinion noted that the agency had not maintained a complete record of its general fixed assets, and accordingly, had no statement of general fixed assets as required by generally accepted accounting principles.

This compliance exception is identical to that stated in the 1997-98 audit.

*Oxnard Redevelopment Agency* — Among its accomplishments during the year, the agency included:

- A. Completing Casa Merced, a 40-unit affordable senior rental project;
- B. Completing 15 affordable townhomes in Heritage Park;
- C. Rehabilitating seven homes in the Southwinds Project Area, and assisting two first-time homebuyers; and

**Ventura County**  
**(Continued)**

- D. Rehabilitating one low-income mobilehome.

*Simi Valley Community Development Agency*  $\frac{3}{4}$  Among its accomplishments during the year, the agency included:

- A. Completing a police facility located in the Simi Valley Civic Center at the northwest corner of Tapo Canyon Road and Alamo Street;
- B. Completing construction of public improvements on Tapo Street including nostalgic streetlighting, decorative streetscape, and landscaping;
- C. Completing seven facade renovations through the Facade Renovation Program;
- D. Providing funding to rehabilitate 16 homes, and assisting 26 senior citizen renters per month through the Senior Rent Subsidy Program; and
- E. Processing 15 loans for first-time homebuyers through the Mortgage Credit Certification Program.

**Yolo County**

*Davis Redevelopment Agency*  $\frac{3}{4}$  The compliance audit opinion noted that the reports for fiscal year ended June 30, 1999, were not filed in a timely manner as required by Code Section 33080.



## Appendix B <sup>3</sup>/<sub>4</sub> Definitions/ Terminology

**Article XVI, Section 16, of the California Constitution** — The constitutional authority for the utilization of tax increment financing by redevelopment agencies.

**Base Assessed Valuation** — The assessment roll last equalized prior to the effective date of an ordinance approving a redevelopment project area plan. Also referred to as the “Frozen Base”.

**Base Year** — The fiscal year in which the project area plan is approved.

**Blight** — Physical, social, or economic liabilities in a community that require redevelopment in the interest of the health, safety, and general welfare of the residents.

**Capital Projects Fund** — A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds, or trust funds).

**Debt Service Fund** — A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Increment Assessed Valuation** — The assessed valuation of the taxable property in a project area in excess of the base assessed valuation.

**Low and Moderate-Income Housing Fund** — A special fund created pursuant to Section 33334.3 of the Health and Safety Code to account for the 20% set-aside of Tax Increment Funds for low and moderate-income housing.

**Non-Agency Debt** — Debt payable from a restricted revenue source for which the issuing agency has no liability. Examples include Residential Mortgage Revenue Bonds and Industrial Development Bonds.

**Project Area** — A predominantly blighted area of an urbanized community.

**Pass-Through Agreement** — An agreement made within specific guidelines whereby a redevelopment agency may share a portion of its tax increment revenue with any taxing agency with territory located within a project area (except for the community which has adopted the project). The taxing agency must show that the redevelopment project activities have caused a financial burden or detriment that can be alleviated by such an agreement. Agencies may also “pass-through” tax increment revenues that are attributable to either an increase in the tax rate and/or increases in the assessed value due to the application of Revenue and Taxation Code Section 110.1 (2% annual increase).

***Statement of Indebtedness*** — A statement filed with the county auditor on or before October 1 of each year detailing the indebtedness of each project area.

***Tax Increment*** — The portion of the taxes levied that are produced by increment assessed valuation.

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